



भारत संरचना वित्त कम्पनी लिमिटेड
(भारत सरकार का उद्यम)

India Infrastructure Finance Company Limited
(A Government of India Enterprise)



Annual Report 2012-13



Funding foundation of the future...



Shri P. Chidambaram
Hon'ble Finance Minister

Hon'ble Finance Minister in his budget speech of 2013-14 announced that:

"India Infrastructure Finance Company Ltd. (IIFCL), in partnership with the Asian Development Bank, will offer credit enhancement to infrastructure companies that wish to access the bond market to tap long term funds."

Vision

"To provide innovative financing solutions to promote and develop world class infrastructure in India"

Mission

"To adopt best practices in financing infrastructure and develop core competencies in facilitating infrastructure development. Develop a team of highly engaged employees to deliver services in a professional manner and to the satisfaction of all stakeholders"



IIFCL declared maiden interim dividend for Financial Year 2012-2013
The Hon'ble Finance Minister Shri P. Chidambaram receiving the cheque, presented by Shri .S.K. Goel ,CMD, IIFCL towards payment of dividend to the GOI along with Dr. Harsh Kumar Bharwala, ED, IIFCL

From the Chairman's Desk



Ladies & Gentlemen,

I express my immense pleasure to welcome you to the Eighth Annual General Meeting of the India Infrastructure Finance Company Ltd. The audited annual accounts of the company for the year ended March 31, 2013 together with the Directors' Report are with you and with your permission, I take them as read.

The economic growth rate of Indian economy remained sluggish with growth falling to around 5 per cent as against the estimated growth of 7.6 per cent. This was mainly due to the impact of

continuation of slowdown in global economic growth, which fell from 3.9 percent in 2011 to 3.2 per cent in 2012, due to decrease in global demand, sluggish investment activity and uncertainties in international environment. During the year, due to various measures taken by the Government & Reserve Bank of India (RBI), WPI inflation contracted from around 7.7 per cent at the start of the fiscal to around 6 per cent by end of March 2013. RBI resorted to expansionary Monetary Policy during the year by reducing the Repo Rate from 8.5 per cent in March 2012 to 7.5 per cent in March 2013, decreasing Cash Reserve Ratio and Statutory Liquidity Ratio in order to maintain adequate liquidity in the economy. This monetary easing would facilitate investments and economic growth. During the year, 10 year G-sec yield has also come down from 8.59 per cent in March 2012 to around 7.96 per cent in March 2013 and further to around 7.34 per cent in May 2013, signaling a decreasing interest rate scenario which would augment the money supply in the economy. Further, this would also lead to availability of lower interest rate funds for infrastructure projects in the near future. Despite the overall slowdown in the global economic growth which was reflected in the GDP growth of around 5 per cent, India was one of the fastest growing economies in the world.

As announced by Honorable Finance Minister in the Budget speech 2013-14, Government of India is targeting to return to growth path of around 8 per cent, aiming for inclusive and sustainable development with an emphasis on improving human & skill development indicators.

Development of Physical and Social Infrastructure would be very critical and is need of the hour for achieving the desired economic growth. In the 12th Five Year Plan Period, the total fund requirement for infrastructure sector has been estimated at US\$ 1 Trillion.

The Government of India has initiated various fiscal and structural policy measures to create an enabling environment for smooth flow of investments towards infrastructure development in the country. As a part of the growth measures the Government of India has initiated the process for setting-up of Infrastructure Debt Funds (IDFs) and I am happy to share that your company has also obtained registration from the Securities & Exchange Board of India (SEBI) for its IDF. The same is expected to be launched shortly. The Cabinet Committee on Investments (CCI) has been formulated to expedite decisions on approvals/clearances for implementation of major infrastructure projects. This is expected to improve the investment environment in the country by bringing transparency, efficiency and accountability in granting of various approvals and sanctions thus enabling speeding up of project completion.

In the Union Budget 2013-14, Honorable Finance Minister with a vision to make infrastructure more viable and sustainable has announced infrastructure tax-free bonds of ₹ 50,000 Crore to be raised in 2013-14, which would form resources for low cost long term funding towards infrastructure development.

Pursuant to the Union Budget 2013-14, Reserve Bank of India issued a circular on Prudential norms on Advances to Infrastructure Sector which states that in case of PPP projects, the debts due to the lenders may be considered as secured to the extent assured by the project authority in terms of the Concession Agreement, subject to certain conditions. This would incentivise banks to provide incremental lending to projects in infrastructure sector.

Land Acquisition and Rehabilitation Bill, which is aimed at removing the bottlenecks currently being faced in the acquisition of land in a timely manner, is also expected to be placed in Parliament soon.

Several other measures have been announced in the Budget 2013-14 to help catalyze investments in the infrastructure sector. Companies investing ₹ 100 crore or more in plant and machinery during the period April 2013 to March 2015 will be entitled to deduct an investment allowance of 15 per cent of the investment. A regulatory authority for Road Sector has also been announced. Many new projects in infrastructure sectors such as Road, Port, Power Transmission, etc. have been announced. In power sector, to address the issue of shortage of fuel, a PPP policy framework with Coal India Limited has been proposed. Further, it was announced that IIFCL would offer Credit Enhancement for projects in infrastructure sector that wish to tap the bond market for long term funds. All these initiatives are expected to help in meeting huge investment requirements during the 12th Plan period.

The Harmonized list of infrastructure sub sectors as approved by Cabinet Committee on Infrastructure in March 2012 has also been adopted by RBI in December 2012 for Banks and NBFCs. The same has also been adopted by IIFCL. This would lead to uniformity in definition of infrastructure across all institutions.

Brief review of Performance of Major Infrastructure Sectors

Roads

In the road sector, Ministry of Road Transport and Highways has been able to accelerate the pace of construction of Roads. In FY 2012-13, highways construction and expansion increased to 5,800 Km as against 4,955 Km in FY 2011-12, out of which 2,840 Km was completed by NHAI. In terms of awarding of projects there was drastic drop as only 1,540 Km was awarded as against the target of 9,500 Km due to lack of interested bidders which may be mainly due to lack of equity with road construction companies and the general slowdown in the economy. Road sector projects are mainly affected by delay in obtaining environmental clearances and approvals for constructing rail over bridges (ROBs) / road under bridges (RUBs), delay in land acquisition, shifting of utilities, poor performance of some contractors and law and order problems in some states. In order to expedite the implementation pace, a regulator for road sector has been announced in the Budget Speech 2013-14. Further, Supreme Court has approved the delinking of environment clearance from Forest Clearance for National Highway projects. This approval is expected to expedite the implementation of projects.

During the Budget Speech, Finance Minister had announced that Government has decided to constitute a regulatory authority for the road sector which is expected to improve investment climate in the sector and expedite implementation of projects. It was also announced that projects for constructing 3,000 Kms of road in Gujarat, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh will be awarded in the first six months of 2013-14. Accordingly, the Ministry of Road Transport and Highways has proposed to award projects for total road length of 7,300 km during current fiscal out of which, during first six months it plans to award 3,800 Kms. The 7,300 Km target translates into 20Km / day construction of Roads.

Power

In the power sector, as per Central Electricity Authority, at the end of 11th Plan, the total installed capacity of the country has reached 1,99,877 MW with a capacity addition of 67,548 MW, showing a growth of 148 per cent over the 10th Plan period during which 27,283 MW was added. As per Working Group of Planning Commission on Power, during the 12th Plan period, total investment requirement has been projected at ₹ 13,72,580 crore for

capacity addition of 75,785 MW of which 17,957 MW was targeted to be added in 2012-13. The actual addition of installed generation capacity exceeded the targets with 20,623 MW installed capacity addition during the year. The cumulative installed capacity by Mar'13 stands at 2,23,344 MW, of which 68 per cent comes from thermal energy, 18 per cent from Hydro, 12 per cent from Renewable Energy Sources and 2 per cent from Nuclear energy.

Thermal and hydro power sector projects face challenges mainly due to delay in obtaining environment and forest clearances. Delay in obtaining allocation of coal blocks has been one of the primary reasons for delay in commissioning of several thermal power projects during last year. To ensure adequate availability of coal to power utilities and implementation of the same, Government has proposed to have a PPP policy framework with Coal India Limited. The Central Government has constituted an inter-ministerial panel to formulate a policy on PPP with Coal India Limited. As India has several old thermal and hydro power plants that are operating below their design capacity and efficiency, Government has taken steps for renovation and modernization (R&M) and life extension (LE) of these plants. During 11th Plan, 72 units aggregating 16,146 MW were taken up for R&M and LE works and during 12th Plan, around 135 units with a cumulative capacity of more than 29,000 MW are being considered for R&M and LE.

Several other measures have been initiated by the Government for improvement of Power Generation, Transmission and Distribution in India. Ministry of Power has introduced a ratings programme for distribution utilities, which would enable them to get loans at competitive interest rates, based on their financial, managerial and regulatory performance. Further, Guidelines regarding financial restructuring of DISCOMS have been announced. State Governments have been urged to prepare the financial restructuring plan, quickly sign MoU and take advantage of the scheme. Hon'ble Finance Minister during the Budget speech 2013-14 also reintroduced the generation based incentives for wind energy projects and ₹ 800 Crore have been allocated for this purpose. Government would also provide low interest bearing fund from the National Clean Energy Fund (NCEF) to IREDA for on-lending to viable renewable energy projects. To reduce dependency on imported coal, the customs duty on Steam coal has been increased. While the basic customs duty has been hiked from Nil to 2 per cent, countervailing duty has been increased from 1 per cent to 2 per cent. The tax incentive for Power Sector has been extended by another year. This would prove beneficial for the power generation projects which are scheduled to get operational in 2013-14.

Ports

India has 12 major ports and about 200 minor ports. Indian Shipping Industry has, over the years, played a crucial role in the transport sector of Indian economy. Approximately 90 per cent of the country's trade by volume and 70 per cent by value moves through maritime transport. During 2012-13, India's major ports handled 545.68 MT of cargo compared to 560.14 MT handled in the previous year. The marginal decrease is mainly due to decline in exports in iron ore due to restriction imposed by the Government on the iron ore mining activity, followed by the contraction in import of Fertilizer and Fertilizer raw materials in the major ports. The energy commodities viz. Coal and POL are showing an impressive growth of 17.99 per cent and 3.48 per cent respectively. The other general traffic increased by 7.19 per cent.

The Ministry of Shipping has come up with the draft guidelines for Tariff setting in Major Ports, 2013. These shall be applicable to all future major port trust-owned terminals and to PPP projects. Under these guidelines, the Tariff Authority for Major Ports (TAMP) will notify the port-wise and commodity-wise reference tariff, which will be indexed to inflation to an extent of 60 per cent of the variation in WPI

The 12th Five Year Plan targets an investment of ₹ 1,978 billion for the port sector. It is estimated that the private sector will contribute about 87 per cent of the total investments – 69 per cent for major ports and 98 per cent for non-major ports. The major challenges that still remain to be addressed are obtaining environmental and security clearances in a timely manner as delays result in time and cost overruns. Further, a slowing economy

and weak market sentiment, coupled with tighter lending norms by banks for port projects have made it difficult for developers to tie up funds.

During the year 2012-13, upto January 2013, 22 projects have been awarded. These 22 projects involve a capacity addition of 97.34 Metric Tonne Per Annum (MTPA) and investment of ₹ 5755.72 crore.

Total Plan allocation for the Ministry of Shipping during the year 2013-14 stands at ₹ 7087.30 crore, out of which the share of Gross Budgetary Support (GBS) and Internal and Extra Budgetary Resources (IEBR) each is ₹ 852.00 crore and ₹ 6235.30 respectively.

Airports

During the year 2012-13 the air traffic in terms of passengers and aircraft movements witnessed a decline. The aircraft movement decreased by 4.2 percent to 14,79,330 and passenger traffic reduced by 1.9 per cent to 159.30 million. The freight cargo also decreased by 3.9 per cent to 2.19 million tonnes. The decrease may mainly be attributed to global economic slowdown, sharp increase in air fares and capacity reduction by operators particularly grounding of one of the airline operators since October 2012.

The Central Plan outlay in Budget 2013-14 for the Ministry of Civil Aviation is ₹ 88.65 billion. The outlay comprises budgetary support of ₹ 52 billion while 36.65 billion will be provided through IEBR. The major allocations included budgetary support for equity infusion of ₹ 50 billion into Air India. Concessions were also announced to boost the maintenance, repair and overhaul (MRO) sector.

The Airports Authority of India (AAI) plans to enter into a joint venture with state owned and private oil companies and airlines to set up fuelling stations and infrastructure at airports to enable direct import of aviation turbine fuel (ATF) by domestic carriers. Further, the Government is planning to partly regulate airfares by putting a floor thus limiting the lowest fares offered by airlines to ensure that airlines do not trigger a price war. The Ministry of Civil Aviation is planning to offer all domestic airlines subsidy amounting to a total of ₹ 3.5-4 billion for connecting Tier III cities and smaller towns. Under this plan, at least 40 smaller towns that currently have no air connectivity could be connected with respective state capitals.

IIFCL's performance

Against this backdrop, I would now like to focus on the performance of the Company during the year. The highlights of performance during 2012-13 are as under:

- During the year, gross sanctions amounted to ₹ 11,514 Crore in 70 projects, under direct lending.
- On cumulative basis, gross sanctions under direct lending till 31st March 2013 were ₹ 51,887 Crore to 299 projects.
- IIFCL Guarantee document in respect of the first pilot transaction to facilitate bond issuance of a maximum amount of ₹ 320 crore by a PPP NHAI Toll Road Project was signed on 16th January 2013. Further, IIFCL is considering few other transactions in the pilot phase from diverse sectors.
- IIFCL operationalized its Modified Takeout Finance Scheme in December 2011 subsequent to suitable modifications, after which the sanctions and disbursements under Takeout Finance increased significantly. During the year 2012-13, IIFCL sanctioned ₹ 3,320 crore under the Takeout finance Scheme, taking cumulative sanctions to ₹ 7,861 crore in 44 projects. Further, during the year the company disbursed ₹ 2,126 crore compared to ₹ 564 crore in previous year recording a growth of 277 per cent and taking cumulative disbursements under the Scheme to ₹ 2,761 crore in 17 projects.
- At the end of March 2013, out of the 299 projects sanctioned under direct lending, 233 projects had achieved financial closure.
- During the year, the company made disbursements of ₹ 6,205 Crore (including Takeout Finance and

Refinance) registering a y-o-y growth of 23 per cent

- Cumulative disbursements till 31st March 2013 were ₹ 26,582 Crore in 207 projects including Refinance of ₹ 4,418 Crore and Takeout Finance of ₹ 2,761 Crore.
- Total income during 2012-13, increased by 29 per cent to ₹ 3,287 Crore from ₹ 2,545 Crore during last year, while total expenses grew by 19 per cent from ₹ 1,632 Crore to ₹ 1,939 Crore during the same period
- Net profit for the company increased to ₹ 1,047 Crore for the year ended on 31st March 2013 compared to ₹ 586 Crore during the previous year, representing a growth of 79 per cent.
- Balance Sheet size increased by 26 per cent to ₹ 35,207 Crore as at end of March 2013 from ₹ 27,927 Crore as at end of March 2012.
- For the first time, the company declared and paid the dividend of ₹ 221 Crore @ 8 per cent of paid up equity

IIFCL's Role

IIFCL along with its subsidiaries is now placed to offer varied services to infrastructure sector starting from Project Development, facilitating Financial Closure by providing rupee term loan as a part of consortium, foreign currency funding for capital equipment import to refinancing after achievement of commercial operations. As a specialized infrastructure financing institution of the country, it continues to provide innovative financing solutions to the Indian infrastructure sector like Credit Enhancement and Takeout Finance. In addition to its UK subsidiary, IIFCL has also set up an Infrastructure debt fund and a Project Development subsidiary to facilitate the development of infrastructure. With the continuing thrust on developing world - class infrastructure in the country, IIFCL, with the support of all stakeholders, shall continue to play its role of providing innovative solutions for addressing the long term financing requirements of the infrastructure sector.

Acknowledgments

I would like to express my sincere gratitude for the guidance and support provided by the Hon'ble Prime Minister, Hon'ble Finance Minister, Deputy Chairman, Planning Commission, Minister of State for Finance, Member Secretary, Planning Commission, Finance Secretary and Secretary, Department of Financial Services, Ministry of Finance. I am also grateful to the officials of the Department of Financial Services, Department of Economic Affairs in the Ministry of Finance, and Planning Commission for providing their valuable support, guidance and cooperation. I would also like to acknowledge the guidance and the support provided by the Comptroller and Auditor General of India, Reserve Bank of India and the statutory auditors. I would also like to thank the members of the Board for their continued support and contribution to the company's growth. Last but not the least; I place on record my appreciation for the officers and staff of IIFCL for their dedication and enthusiasm which has helped the company to achieve newer heights.

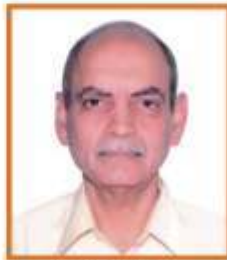
(S K Goel)
Chairman & Managing Director

Place : New Delhi
Date : 29.05.2013

Board of Directors



Shri S. K. Goel
Chairman & Managing Director



Shri Rajiv Takru
Secretary (FS), Govt. of India
Ministry of Finance
Department of Financial Services



Ms. Sharmila Chaval
Joint Secretary, (Infrastructure & Investment)
Govt. of India, Ministry of Finance
Department of Economic Affairs



Shri Ravi Mital
Advisor (Infrastructure)
Planning Commission
Govt. of India



Shri K. R. Kamath
CMD, Punjab National Bank



Prof. G Raghuram
Professor
Indian Institute of Management
Ahmedabad



Shri H. S. Kumar
Ex. Addl. Controller
General of Defence Accounts
Defence Accounts Department



Prof. V. Venkata Ramana
School of Management
Studies, University of Hyderabad



Dr. Harsh Kumar Bhanwala
Executive Director

Chief General Managers



Shri Sanjeev Ghai



Shri B.L. Gupta



Shri S. Krishnan



Dr. Emami Sankara Rao

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STATUTORY AUDITORS

M/s P.R. Mehra & Co. Chartered Accountants
H.O.: 56, Darya Ganj, New Delhi
Phone : +91-11-23274910, 23271236

REGISTERED OFFICE

HT House, 8th Floor, 18 & 20 Kasturba Gandhi Marg, Delhi-110001
Phone: +91 -11 - 23730270, 23708263,
Fax: +91 - 11 - 23730251

BANKERS:

Dena Bank • Punjab National Bank • State Bank of India
• State Bank of Travancore • Oriental Bank of Commerce • IDBI Bank



NOTICE

NOTICE IS HEREBY GIVEN THAT THE EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED WILL BE HELD ON THURSDAY 20TH JUNE 2013 AT 5.00 P.M. AT IIFCL BOARD ROOM, 8TH FLOOR, HT HOUSE, 18&20, K.G. MARG, NEW DELHI.

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Eighth Audited Balance Sheet as on 31st March 2013 and the Profit and Loss Account for the year ended 31st March 2013 and the director's report thereon.
- 2) To declare Interim Dividend @ 8% (eight percent) (i.e. ₹ 0.80 per equity share of face value of ₹ 10/- each) on the paid -up equity share capital of ₹ 2900 crore amounting to ₹221,12,87,671 (Rupees two hundred twenty one crores twelve lacs eighty seven thousand six hundred and seventy one) as Final Dividend during Financial Year 2012-13.
- 3) Pursuant to Section 619(2) of Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Section 224(8)(aa) of the Companies Act, 1956, their remuneration has to be fixed by the Company in Annual General Meeting. The Members of the Company in the 7th Annual General Meeting held on Friday, 29th June 2012 had authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2012-13. Accordingly, the Board of Directors had fixed audit fee of ₹6 lacs (Rupees Six lacs only) plus service tax for audit of the Financial Year 2012-13 and ₹1.50 lacs (Rupees One lac fifty thousand only) (plus service tax) @ 25% of the proposed audit fees of ₹ 6 lacs (Rupees Six lacs only) towards audit of consolidated annual accounts of company for the year 2012-13 for the Statutory Auditors aggregated as the Statutory audit fee of ₹ 7.5 lakh plus service tax.

The Statutory Auditors of the Company for the year 2013-14 will be appointed by C&AG of India. The members may authorize the Board of Directors to fix an appropriate remuneration of Auditors as may be deemed fit by the Board.

**By Order of the Board of Directors
FOR INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED**

**RAJEEV MUKHIJA
GENERAL MANAGER-CFO & CS**

**Place: New Delhi
Date: 29.05.2013**

REGISTERED OFFICE

8th Floor, HT House,
18 & 20 Kasturba Gandhi Marg,
New Delhi-110001

NOTES:-

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

DIRECTORS' REPORT

To
The Shareholders

The Directors of India Infrastructure Finance Company Ltd (IIFCL) have great pleasure in presenting the Eighth Annual Report with audited statements of accounts for the financial year ended 31st March, 2013 along with report of the auditors and the Comptroller and Auditor General of India thereon.

Financial Results

The summary of financial results of the company for the year ended 31st March 2013 are as under:

(₹crore)			
PARTICULARS	SUMMARIZED PROFIT & LOSS ACCOUNT		Growth
	Figures for the year ended 31 st March 2013	Figures for the year ended 31 st March 2012	
Total Revenue	3,287	2,545	29%
Total Expenses	1,939	1,643	18%
Operating Profit	1,348	902	49%
Exceptional Items	166*	(36)#	
PROFIT BEFORE TAX	1,514	866	75%
Tax Expense	467	280	67%
PROFIT FOR THE YEAR	1,047	586	79%
Earnings per equity share (₹) (face value of ₹ 10/- each)	3.79	2.84	

*Dividend received from subsidiary company i.e. IIFC (UK) Ltd

#Provision made for standard loan assets till 31st March 2011

Continuing with the consistently maintained growth path in operations, the company posted significant increase in revenues and profits during the financial year 2012-13. Your company posted a quantum jump of 79% in Net Profit during year under review over previous year and posted a Net Profit of ₹ 1,047 crore for the year ended 31st March 2013 compared to Net Profit of ₹ 586 crore during the year ended 31st March 2012.

After statutory & other appropriations aggregating ₹ 478 crore, your company carried surplus profits of ₹ 569 crore to Balance-sheet during the year ended 31st March 2013 compared to surplus profits of ₹ 455 crore carried to Balance-sheet during the year ended 31st March 2012, representing growth of 25%.

The Earning per share of face value of ₹ 10 of your company for the year ended 31st March 2013 has been ₹ 3.79 compared to ₹ 2.84 for the financial year ended 31st March 2012.

The other important highlights of growth in operations of your company during the year ended 31st March 2013 are as under:

- Total income increased by 29% to ₹3,287 crore.
- Total expenses increased by 18% to ₹1,939 crore.
- Profit before Tax at ₹ 1,514 crore, 75% higher compared to Profit before Tax of year 2011-12.
- Total Assets increased by 26% to ₹35,207 crore.
- Net-worth of your company increased to ₹ 4,858 crore as at 31st March 2013 against ₹ 3,668 crore as at 31st March 2012.
- In line with the norms as applicable to Non-Banking Financial Companies, your company has made provision of ₹ 39 crore on loan assets during the year.
- The following Reserves were created:
 - Debenture Redemption Reserve – ₹ 9.73 crore
 - Securities Premium Reserve – ₹ 9.85 lac
 - Special Reserve U/S 36(1)(viii) of IT act 1961 – ₹ 200.73 crore
 - Corporate Social Responsibility Reserve – ₹ 11.72 crore
- The following Utilizations were made out of Reserves created:
 - ₹ 1.95 lac from Staff welfare reserves of ₹ 64.44 lac (closing balance of ₹ 62.49 lac)

Operational Performance

In line with the company's mandate given in the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called the India Infrastructure Finance Company Limited, generally referred to as SIFTI, the company is engaged in providing financial assistance to eligible infrastructure sectors such as road, power, airport, port and urban infrastructure etc.

Direct Lending

During 2012-13, the company witnessed significant increase in lending operations with further gross sanction of ₹11,514 crore to 70 Infrastructure projects taking cumulative gross sanctions of the company to ₹ 51,887 crore to 299 infrastructure projects. The sector-wise distribution of cumulative gross sanctions of your company is as under:

Cumulative Gross Sanctions under Direct Lending (As on 31st March 2013)

(₹crore)

Sector	No of Projects	Project Cost	Gross Sanction Amount
Road	182	1,88,722	25,178
Power	63	2,19,103	20,671
Airport	2	14,716	2,150
Port	8	5,702	925
Urban Infra	6	29,898	2,454
Railways	1	1,396	279
PMDO*	37	7,729	230
Total	299	4,67,267	51,887

* Pooled Municipal Debt Obligations

Further, as on 31st March 2013, sector-wise distribution of net sanction of your company amounting to ₹ 38,841 crore to 276 projects is as under:

Cumulative Net Sanctions under Direct Lending (As on 31st March 2013)#

(₹crore)

Sector	No. of Projects	Project Cost	Net Sanction Amount
Road	171	1,74,439	18,841
Power	58	2,03,231	17,907
Airport	2	14,716	848
Port	8	5,702	682
Urban Infra	2	648	64
Railways	1	1,396	279
PMDO	34	7,435	221
Total	276	4,07,567	38,841

Net Sanction amount is allocated amount in case of projects which have achieved financial closure; and, gross sanction amount where financial closure is yet to be achieved

Disbursements

During the year 2012-13, loan disbursements increased to ₹6,205 crore including refinance, takeout finance, registering a y-o-y growth of 23%. The Cumulative disbursements at the end of March 2013 stood at ₹ 26,582 crore, including refinance of ₹ 4418 crore & takeout finance of ₹ 2,761 crore.

Sector-wise Cumulative Disbursements (As on 31st March 2013)

(₹crore)

Sector	No. of Projects	Project Cost	Amount Disbursed
Road	132	1,32,757	9,304
Power	38	1,32,504	8,742
Airport	2	14,716	846
Port	6	4,240	370
Urban Infra	2	648	21
PMDO	27	4,744	120
Sub Total	207	2,89,609	19,403
Refinance			4,418
Takeout Finance			2,761
Grand Total			26,582

Pooled Municipal Debt Obligation (PMDO) Facility

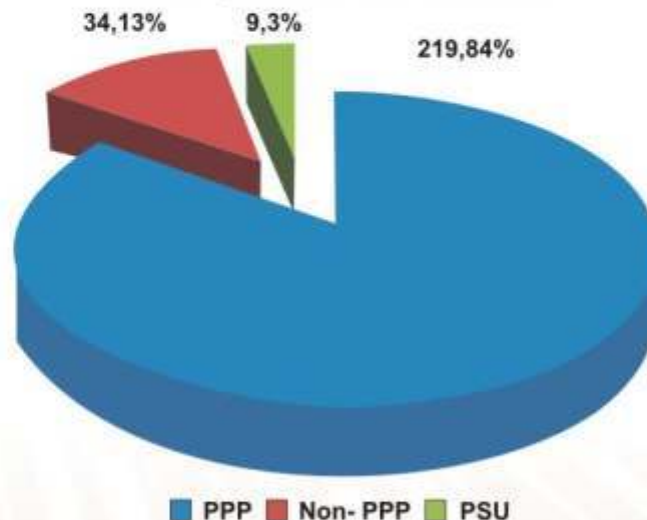
Pooled Municipal Debt Obligations Facility (PMDO) was set up in 2008 by 4 sponsors IL&FS, IIFCL, IDBI Bank and Canara Bank along with other lenders, to finance urban infrastructure projects on PPP basis. The projects include development of common infrastructure for SMEs, solid waste management, power generation, waste water treatment and other urban infrastructure facilities such as city bus transport, etc. The PMDO facility is instrumental for structuring requirement of resources for projects in a bankable format and providing credit for setting-up mandated projects at reasonable rate of interest.

The present corpus of PMDO is ₹ 5,000 crore committed by 16 lenders of which IIFCL has commitment of ₹ 390.50 crore as its share in the facility. Till 31st March 2013, your company has (net) sanctioned loans of ₹ 221 crore to 34 projects under the facility and has disbursed ₹ 120 crore for setting up of 27 urban infrastructure projects.

Priority to Public-Private Partnership (PPP) Projects

Your company continues to make efforts with firm commitment of achieving its objective of providing financial support to infrastructure projects with overriding priority to Public Private Partnership (PPP) projects. Till 31st March 2013, under Direct Lending, financial assistance has been sanctioned for setting-up of 219 PPP projects constituting 84% of 262 projects gross sanctioned (excluding those under PMDO) by the company.

Mode-wise Cumulative No. of Projects Gross Sanctioned under Direct Lending (excluding PMDO) as on 31st March 2013



**Sector-wise Mode-wise no of Projects Gross Sanctioned under Direct Lending
(excluding PMDO) as on 31st March, 2013**

	PPP	Non-PPP	PSU
Road	181	nil	1
Power	25	33	5
Airport	2	nil	nil
Port	7	1	nil
Urban Infra	3	nil	3
Railway	1	nil	nil
Total	219	34	9

Geographically Diversified Presence

Your company continues to support development of infrastructure projects spread across various states and enhanced its footprint across the country. Till 31st March 2013, under direct lending, your company has made Net sanctions of ₹ 38,841 crore to 276 projects in 23 states and has disbursed ₹19,403 crore to 207 projects.

**Cumulative State-wise Net Sanctions & Disbursements under Direct Lending
(As on 31st March 2013)**

(₹crore)

State	Net Sanction Amount	Amount Disbursed
Andhra Pradesh	2,745	1,262
Arunachal Pradesh	1,967	0
Bihar	1,888	515
Chhattisgarh	1,983	232
Delhi	574	571
Gujarat	5,858	3,668
Haryana	616	385
Himachal Pradesh	300	100
Jammu & Kashmir	375	68
Jharkhand	805	592
Karnataka	1,153	767
Kerala	170	116
Madhya Pradesh	3,489	1,477
Maharashtra	3,589	2,440
Orissa	898	284
Pondicherry	93	93
Punjab	1,237	473
Rajasthan	1,104	600
Sikkim	927	817
Tamil Nadu	1,527	1,017
Uttar Pradesh	4,840	2,454
Uttarakhand	384	327
West Bengal	2,319	1,145
TOTAL	38,841	19,403

Achievement of Financial Closure

As on 31st March 2013, out of 276 net sanction projects under direct lending, 233 projects i.e. 84% have achieved financial closure. Sector-wise details of financial closure achieved are as under:

Financial Closure Achieved (As on 31st March 2013)

(₹crore)

Sector	No. of Projects	Project Cost	Net Sanction Amount
Road	145	1,52,361	15,481
Power	42	1,52,117	14,603
Airport	2	14,716	848
Port	8	5,702	682
Urban Infra	2	648	64
PMDO	34	7,435	221
Total	233	3,32,979	31,899

Achievement of CoD

At the end of March 2013, amongst the projects in which your company has provided financial assistance by Direct Lending mode (excluding PMDO), Commercial Operation Date (CoD) has been achieved in 63 projects which included 47 road projects, 1 airport, 13 power projects and 2 port projects.

Refinance

As part of the fiscal stimulus package, IIFCL was permitted to raise ₹ 10,000 crore through tax-free bonds during 2008-09 to provide refinance to banks for their infrastructure loans to projects for which competitive bids have been submitted on or after 31st January 2009. During the year 2012-13, your company provided refinance of ₹ 250 crore to IDFC taking total refinance portfolio to ₹ 4,418 crore. Further, ₹ 3,000 crore has been utilized for direct lending purposes following the approval of Gol.

Take-out Finance

To facilitate incremental lending to the infrastructure sector by addressing banks' exposure and asset-liability mismatch constraints, IIFCL has implemented the Takeout Finance Scheme. IIFCL has introduced non-discriminatory and non-discretionary external rating based pricing mechanism for takeout of infrastructure loans. IIFCL operationalized its Modified Takeout Finance Scheme subsequent to suitable modifications in December 2011.

A Comprehensive Assessment of Takeout Finance Scheme is being undertaken by a Committee under Chairmanship of Joint Secretary, Department of Financial Services with members from Department of Economic Affairs, Department of Expenditure, Planning Commission and IIFCL.

During the year 2012-13, IIFCL sanctioned ₹ 3,320 crore under the Takeout Finance Scheme, taking cumulative sanctions to ₹ 7,861 crore in 44 projects. Further, during the year the company disbursed ₹ 2,126 crore compared to ₹ 564 crore in previous year recording a growth of 277% and taking cumulative disbursements under the Scheme to ₹ 2,761 crore in 17 projects.

Further, various steps have been taken by the company for building awareness amongst banks and other eligible institutions for popularizing the Take out Finance Scheme.

India Infrastructure Finance Initiative

The company had entered into MoU with IDFC and Citigroup on 15th February, 2007, to set up an India dedicated infrastructure fund wherein IIFCL had agreed to contribute US\$ 25 million (subject to a maximum of ₹ 100 crore) while IDFC & Citi group committed to contribute US\$ 100 million each as promoter sponsors. During 2012-13, under India Infrastructure Fund (IIF), IIFCL has made 8 capital contributions amounting to ₹ 10.54 crore and received 3 redemptions

amounting to ₹ 5.22 crore. Till 31st March, 2013, out of total capital commitment of ₹ 100 crore to IIF, IIFCL has contributed ₹ 70.99 crore & IIF has redeemed capital amounting to ₹ 10.39 crore till 31st March, 2013.

Resource Mobilization

Domestic Resources

The company raises its long-term resources both from domestic markets and overseas. The company has so far raised ₹ 22,732.28 crore from domestic markets through a mix of instruments comprising of domestic Taxable bonds, Tax-free bonds, Tax-Saving Infrastructure Bonds and long term loan from Life Insurance Corporation (LIC) & National Small Savings Fund (NSSF).

External Resources

IIFCL has also established strong relationships with bilateral and multilateral institutions like ADB, World Bank and KfW and has committed lines of long-term low-cost credit to the extent of US\$ 1.2 billion, US\$ 195 million and € 50 million respectively.

Asian Development Bank (ADB) has provided line of credit for an amount of US\$ 1200 million under India Infrastructure Project Financing Facility (IIPFF) I and II of US\$ 500 million and US\$ 700 million each. As on 31st March 2013, your company has fully availed the IIPFF-I of US \$ 500 million for financing 28 highway projects and 2 airports (modernization of Delhi and Mumbai airports). Under IIPFF-II of US \$ 700 million, the first and second tranche of US \$ 210 million and US\$ 250 million respectively has been fully availed for financing 12 highways projects and 1 UMPP. Against 3rd tranche of US\$ 240 million, as on 31st March 2013, your company has availed US \$ 93.23 million for financing 10 highway projects and 1 UMPP. Further your company has requested ADB and Government of India (GOI) for a new line of credit of US\$ 1.2 billion for which ADB is in the process of carrying out its due diligence.

Of the World Bank line of credit of US\$ 195 million, IIFCL has availed an amount of US\$ 22.93 million. Further, the multilateral had approved a grant of US\$ 5 million for Technical Assistance Program to complement the line of credit over a period of six years for capacity building of IIFCL, out of which, under four Grant Funds i.e. Public Private Infrastructure Advisory Facility (PPIAF), Sub-National Technical Assistance (SNTA), Department for International Development (DFID) and Institutional Development Fund (IDF) an amount of US\$ 2.08 million was sanctioned. Presently, four projects have been undertaken/are being implemented under the grant viz. (a) Business Plan Strategy for IIFCL till the end of the 12th Five year plan (2012- 2017), (b) Design and Implementation of a Risk Management System for IIFCL, (c) Implementing MIS tracking system to manage environmental and social risk, and (d) HR Strategy for IIFCL. There have been four stakeholder workshops on awareness towards Environment and Social Safeguards Framework.

Against € 50 million line of credit from KfW, your company has availed € 29.51 million against disbursements in two hydro power projects approved by KfW. For the remaining amount of € 20.49 million, your company has submitted the proposal of four renewable energy sub projects to KfW for their approval after which this line would be fully utilized.

These relationships with multilateral and bilateral institutions have helped IIFCL in raising low-cost long-term resources.

Key Initiatives during the Year

Credit Enhancement

To enable channelization of long term funds from investors like insurance companies and pension funds, Department of Financial Services (DFS) vide its letter dated 18th October 2011, granted its in-principle approval to IIFCL to undertake pilot transactions in association with ADB. Under its Credit Enhancement initiative, IIFCL provides partial credit guarantee to enhance the ratings of the project bond issue by infrastructure project companies. Credit Enhancement Scheme will help the project developers to raise funds at a cheaper stable rate from the bonds market and consequently help in development of corporate bond market in India. During the pilot phase, Asian Development Bank (ADB) is participating in this endeavor by committing to support IIFCL by providing up to 50% of IIFCL exposure as backstop guarantee facility.



Shri S.K. Goel, CMD, IIFCL and Dr. Harsh Kumar Bhanwala ED, IIFCL receiving the guarantee fee cheque on behalf of IIFCL in the presence of Shri D.K. Mittal, Ex. Secretary Financial Services while signing of IIFCL guarantee for 1st Credit-Enhanced Infrastructure Bond in the country through its Credit Enhancement initiative

Hon'ble Finance Minister in his Union Budget Speech 2013-14 has announced that "India Infrastructure Finance Company Ltd (IIFCL), in partnership with the Asian Development Bank, will offer credit enhancement to infrastructure companies that wish to access the bond market to tap long term funds."

IIFCL Guarantee document in respect of the first pilot transaction to facilitate bond issuance of a maximum amount of ₹ 320 crore by a PPP NHAI Toll Road Project was signed on 16th January 2013. IIFCL has granted in-principle approval to second pilot transaction, a road project for a bond issue size of around ₹ 500 crore. Further, IIFCL is considering few other transactions in the pilot phase from diverse sectors. During the year 2012-13, IIFCL had various discussions and meetings with various stakeholders including project developers, bond investors, rating agencies, regulators, banks and financial institutions etc.

Infrastructure Debt Fund

To meet the estimated outlay of US \$1 Trillion as per the 12th Five Year Plan, infrastructure projects require cost effective and long-term financing for the growth of Infrastructure sector and capital formation. To address the issue, the Government of India has initiated the process for setting-up of Infrastructure Debt Funds (IDFs). Your company took this opportunity and initiated the process of setting up an Infrastructure Debt Fund (IDF) through mutual fund route in line with the SEBI guidelines and to have an initial corpus fund of around US \$1 Billion along with other Co-Sponsors/Investors. Your company is proposing to allocate an initial investment of up to ₹ 500 crore to attract the co-sponsors and investors. As a process of IDF formation IIFCL has already incorporated a new Asset Management Company (AMC), IIFCL Asset Management Company Limited (IAMCL) and is now registered under Companies Act, 1956 and approved by SEBI to act as the AMC to the IIFCL Mutual Fund (IDF) which has also obtained the registration of SEBI. Currently, IAMCL is proposing to launch the maiden scheme shortly.

IIFCL Projects Ltd.

In order to give thrust to conceptualization and setting up of innovative, optimum and commercially viable projects for bridging the gap in need of infrastructure, IIFCL has set-up a wholly-owned subsidiary, IIFCL Projects Limited (IPL) for providing advisory services in infrastructure sector from the point of identification and conception of project and gauging their feasibility to the point of monitoring and supervision aiming for promotion and development of world class infrastructure in India across all the infrastructure sectors.



Shri S.K. Goel, CMD, IIFCL signing the MoU for Financing various viable infrastructure projects by IIFCL, IIFCL Projects Limited and SICOM Limited on 2nd April, 2013 in the presence of Shri Baldev Singh, M.D., SICOM Ltd. Dr. Harsh Kumar Bhanwala, ED, IIFCL, Dr. E.S. Rao, CEO, IIFCL Projects Limited

During the first financial year 2012-13 of IPL operations, the subsidiary as planned started generating revenues and booked modest profit in the very first year of operation.

IPL is operating in following three advisory business segments:

- **Project Appraisal & Syndication:** IPL sourced 11 projects across Power, Road, Tourism, Agriculture, Logistics, Water and Urban Infra sectors with aggregate project cost of ₹10,830 crore. IPL had mandates in hand for aggregate value (Fee) of ₹ 3.06 crore and has raised invoices of ₹ 0.89 crore and received ₹ 0.72 crore against the same
- **Transaction Advisory:** Participated in the bidding for Setting up of two PPP based Food Processing Plants at Haryana
- **Project Development:** IPL sourced a solar project and a solid waste to energy project for providing financial advisory service and project development

IPL also entered into MoUs with partners for joint business promotion and development, like Infrastructure Development Corporation (Karnataka) Limited, Feedback Infrastructure Services Pvt. Ltd., Credit Analysis & Research Ltd. and SREI Infrastructure Finance Limited.

Regional Offices

During 2011-12, IIFCL had established two regional offices, Mumbai and Hyderabad with the objective of expansion of the business of the company. The regional offices have helped IIFCL in creating benefits by way of marketing of the products and services, better monitoring of loan portfolio and enhancing the brand value of IIFCL through publicity and awareness about the company amongst potential clients. The ROs have also assisted in monitoring the projects by participating in several consortium meetings, site visits and document signing, etc.

IT initiatives

During 2011-12, IIFCL had initiated the process of implementation of Document Management System (DMS) and Integrated Software Solution (ISS) of IIFCL. The ISS aims at automating various business and support functions of IIFCL.

During the year 2012-13, both DMS and ISS were under implementation phase. The Human Resource Management System (HRMS) module which targets Human Resources (HR) & General Administration Department (GAD) function has been on parallel run since 1st February 2013. The other modules of ISS are on parallel run since April 2013.

During 2012-13, IIFCL also revamped and re-launched its website in bilingual mode as per Guidelines for Indian Government Websites (GIGW). In addition to the above, the bilingual website is IPV6 Compliant as per Department of Telecommunications (DOT) guidelines.

Adoption of prudential norms

Union Cabinet in its meeting held on 13th October 2011 inter-alia approved the proposal to bring the Company under regulatory oversight of Reserve Bank of India by registering it as a Non-Banking Finance Company-Infrastructure Finance Company (NBFC-IFC) conveyed by Department of Financial Services, Ministry of Finance vide letter dated 24th October 2011.

Meanwhile, Department of Financial Services vide letter dated 23rd January 2012 had requested the Reserve Bank of India to create a special category of NBFC-IFC which are wholly owned by Government and whose borrowings are backed by sovereign guarantee and such NBFCs be subjected to far lower Capital to Risk Weighted Asset Ratio (CRAR) than normal NBFC. In this regard, Department of Financial Services, Ministry of Finance, Government of India vide communication dated 9th October 2012 had informed that Reserve Bank of India was not in favour of creation of separate category of NBFC based on ownership. Accordingly, IIFCL submitted application to Reserve Bank of India for registration as NBFC-IFC on 8th March 2013. Information/documents sought by RBI vide letter dated 15th March 2013 has been furnished by the company and IIFCL's registration as an NBFC is awaited.

It may be mentioned that prudential norms issued by RBI for NBFC-IFC do not apply to Company, being a Government owned company. On registration as an NBFC-IFC, the company, being a Govt. owned company, would be required to prepare a roadmap for compliance with various elements of the NBFC Regulations in consultation with the Government and submit the same to Reserve Bank of India (Department of Non-Banking Supervision) as directed by RBI vide notification No. DNBS.PD/CC No. 86/03.02.089/2006-07 dated 12th December 2006.

Pending registration as a NBFC, the Company has adopted prudential norms for income recognition, asset classification and provisioning, applicable to NBFCs as per Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, w.e.f. financial year ended 31st March 2012.

It may be mentioned that the company created reserve for loan assets @0.40% of the total outstanding of loan assets up to 31st March 2011. Consequent upon adoption of prudential norms as stated above, the company has discontinued the practice to transfer amount to Reserve for Loan Assets and the existing Reserve for Loan Assets of ₹ 57.93 lac as on 31st March 2011 has been retained and carried in the books of account of the company as on 31st March 2013.

Revision in SIFTI

1. DFS vide its letter dated 16th January 2013 has conveyed approval of Finance Minister allowing addition of new infrastructure sub-sectors under SIFTI, as per the Harmonized list of infrastructure sub-sectors as approved by the

Cabinet Committee on Infrastructure in its meeting held on 1st March 2012. The decision shall be effected upon vetting of amended schemes by Department of Financial Services.

2. DFS vide its e-mail dated 22nd February 2013 has conveyed the approval of the Government to include Credit Enhancement (on pilot basis) as a mode of funding by IIFCL under Section 7.1 (any other mode approved by Ministry of Finance from time to time) of SIFTI.
3. Ministry of Finance, Government of India has approved the limit of 50% for lending to projects set up by Private companies (non PPP projects) from 20% of lending in an accounting year for IIFC(UK). Further, launch of Takeout Finance Scheme by IIFC(UK) on lines similar to IIFCL has also been approved.

Gov Contribution to Equity

Strengthening of Equity Capital is critical aspect for a financial organization and accordingly, realizing the need to further strengthen IIFCL, Government of India contributed ₹ 400 crore towards the paid up capital of your company during 2012-13 towards its commitment to develop infrastructure in the country. The total authorized and paid up capital of your company as at 31st March 2013 was ₹ 5,000 crore and ₹ 2,900 crore respectively.

Risk Management

Your company has adopted Risk Management framework prepared by CRISIL of which Risk Assessment Model (RAM) Software is a key component used for assessing credit risks of all the project proposals prior to its sanction by the Board. Risk Rating Committee of executives reviews and approves the credit risk rating awarded to the projects using this RAM software.

In order to de-risk Balance Sheet & maintain high quality of assets, IIFCL adopts the best practices in credit, operational and market risk management. Your company approved the Integrated Risk Management deliverables as a part of the assignment under the World Bank assisted capacity building programme during the year. Your company devised the risk vision statement to encompass holistic charter and profile for the integrated risk management framework that, "will support IIFCL (Group) vision in minimizing the risks in business value chain and provide confidence to the stakeholders by enhancing the Balance Sheet strength".

Your Company maintains a quality balance sheet by voluntarily adopting RBI's Prudential Norms applicable to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies and also followed the RBI guidelines for Revised Capital Adequacy Framework for Off-Balance Sheet Items for NBFCs.

Environment and Social Safeguards

Infrastructure projects have the potential to cause adverse impacts on environment and society. IIFCL, being an environmentally aware and socially responsible institution, has evolved an Environmental and Social Safeguard

Framework (ESSF) towards minimization and mitigation of such impacts which is guided by its commitment to integrate environmental protection and social safeguards in its projects, in a proactive manner, to contribute towards sustainable development.

ESSF has been developed around Government of India's environmental and social policies and regulatory framework, relevant state laws and guidelines and operational policies of multilateral development financial institutions and to ensure and monitor the compliance, an Environment and Social Safeguard Management Unit (ESMU) has been set up.

In the implementation of any infrastructure project, there is involvement of lenders, project developer, Concessional Authority, EPC Contractor etc. and with a view to sensitize the stakeholders about the significance of Environmental & Social Safeguards compliance during the project cycle, IIFCL has organized four workshops on ESSF at Delhi, Mumbai, Hyderabad and in Bangalore. The response towards these workshops was encouraging and has created awareness among them to timely address the various issues related to Environmental and Social Safeguards. IIFCL will continue with these efforts for sensitization towards environmental & social safeguards awareness.

Human Resource Management

The human resources play a vital role in the growth of any organization. IIFCL continues to be a lean organization with total staff strength of 53 including two employees of IIFC(UK) Ltd., and one contractual CGM, as on 31st March 2013. In order to develop human resources of the company, various initiatives were taken during the year like providing training in the areas of Credit Appraisal, Risk Management, Resources & Treasury Management, HR Management, Legal aspect and IT etc. at various renowned institutions like Indian Institute of Management, Administrative Staff College of India, National Institute of Financial Management, National Institute of Business Management, Institute of Cost and Works Account of India, Euromoney, London Management Centre, New York Institute of Finance and University of California etc.

To keep the workforce motivated and engaged several initiatives were taken including Staff welfare Initiative. A Group Term Life Insurance ranging from ₹ 8 to 12 lac according to grade of IIFCL employee has been taken from LIC in December 2012. out of Staff Welfare Fund.

In order to automate the HR function, Human Resources Management System (HRMS) has been implemented and the same is running parallel along with existing system.

The Employee relations during the year remained peaceful and cordial.



Shri S.K. Goel, Chairman & Managing Director, IIFCL, Delivering the key note address, to mark the beginning of the meeting with the pre-qualified bidders of NHAI

Corporate Social Responsibility

As a Public Sector Company, IIFCL has closely linked its Corporate Social Responsibility (CSR) activities with the principle of sustainable economic development. The objective of these efforts is not only to help the society by providing facilities for health, education, civic amenities etc. but also to create opportunities for development of skills, employment including self-employment, to promote greater environmental responsibilities and encourage the development of environmentally friendly technologies for sustainable development. The company's CSR Policy was updated and aligned this year with the national development goals and priorities adopted by Government of India under United Nations Millennium Declaration as national commitments. During the year, the company has allocated ₹ 11.72 crores for CSR activities (Being 2% of the Profit after Tax for the financial year 2011 - 2012 as per DPE guidelines).

Construction of Sanitation Blocks

Under this initiative IIFCL has engaged Sulabh International Social Service Organisation for construction of such sanitation blocks in the schools for girls with the following facilities:

- ▶ Facility for 4 toilet units in each toilet complex at the school for girls
- ▶ Availability of running water through overhead tanks
- ▶ Continuous maintenance for an interrupted facility
- ▶ Will conduct sessions to motivate and educate the student for using the toilet complexes constructed so that the surrounding environment of the toilet complexes can be hygienically maintained.

An update on the progress of construction



Model



Pictures of current projects under construction

Internal Control

The company has devised strong internal control mechanism involving systems, safeguards & procedures commensurating with its size and operations. The functions of company are performed as per process laid down in operations manual. The internal audit is regularly carried out to ensure compliance of process, procedures and provisions laid down by the company for respective action. Prompt action is taken on the observations of the Internal Auditor's report and the same along with the action taken are placed before the Audit Committee of the Board at regular intervals.

Ratings of the Company

During the year, ratings assigned to the company were reaffirmed by Standard & Poor's as BBB- (Stable) which is at par with sovereign ratings. Similarly, CARE, CRISIL, ICRA, Brickworks and India Ratings have assigned "AAA" for various bond issuances by the company.

ISO 9001:2008 certification

Your company continues to be an ISO 9001:2008 certified company with established, documented, implemented Quality Policy & Quality Manual and maintains a Quality Management System (QMS) as a means of ensuring that the services of IIFCL conform to specified requirements and continually improve its effectiveness in accordance with the requirements.

IIFCL management has commitments to ensure quality standards in its services and as a part of requirements of ISO certification, periodic internal audits are conducted which are followed by Management Review Meetings to ensure its continuing suitability, adequacy and effectiveness, and assess opportunities for improvement of QMS including quality policy and objectives on continual basis.

Recognition & Awards

In recognition of the contributions made to infrastructure financing, IIFCL has been awarded for "Best Industry Infrastructure Initiative" by BFSI Awards 2013.

Off-shore subsidiary

Established in 2008 as a wholly owned subsidiary of IIFCL, IIFC(UK) Ltd is engaged in providing finance to infrastructure projects in the country for the purpose of meeting their foreign currency capital expenditure outside India. For the purpose, Reserve Bank of India has committed US \$ 5 billion out of the foreign currency reserves to be availed in tranches by 6th March 2014. With a further sanction of US \$ 1587 million during 2012 - 13 including in-principle sanction, cumulative sanction of IIFC (UK) reached US\$ 4.08 billion in 40 proposals (net of cancellations) including projects from power, mass rapid transport (metro rail), port, gas pipeline sectors and fertilizers manufacturing. During the year, IIFC (UK) disbursed US\$279 million taking cumulative figure to US\$ 975.15 million (including O/s Letter of Comfort). The company achieved 67% growth in core income with 20% growth in net profits in the FY 2012-13. IIFC (UK) Ltd provides External Commercial Borrowing (ECB) funding at the most competitive pricing.

The Government of India has approved, direct lending plus refinance business to private sector companies, by IIFC (UK) Ltd to the extent of 50% of the lending in the respective accounting year. The Government of India has also permitted IIFC (UK) Ltd to extend Takeout Finance, on similar lines of IIFCL and it is under consideration of RBI for approval.

In line with IIFCL, the Board of Directors of IIFC (UK) Ltd have approved for expansion of the definition of infrastructure sectors in line with the Harmonized List of infrastructure to include the new sectors like Oil Pipelines & storage facility, Water sanitation, Irrigation (dams, channels, embankments), Water Treatment Plants, Inland waterways, Telecommunication Towers, Hospitals, Cold storage, post-harvest storage/agricultural infrastructure etc.

IIFCL has established UK Desk to render certain services pertaining to sourcing, secondary appraisal, monitoring, etc., as requested by IIFC(UK) Ltd. IIFCL recovers Process Fee at the rate of 1.5% of the loan amount directly from the borrowers in this regard.

Dividend

During 2012-13, the company earned a Profit after Tax of ₹ 1,047 crore. Your Directors have approved the payment of dividend of ₹ 221,12,87,671 (Rupees two hundred and twenty one crore twelve lacs eighty seven thousand six hundred and seventy one rupees) @ 8% (eight percent) of the paid-up equity share capital of ₹2900 crore on pro rata basis. The same is recommended as final dividend for 2012-13 for approval of shareholders in the Annual General Meeting.

In addition to payment of dividend, IIFCL has paid Dividend Distribution Tax @ 16.2225% of the proposed dividend amounting to ₹ 35,87,26,142 (Rupees thirty five crores eighty seven lacs twenty six thousand one hundred and forty two rupees).

Board of Directors

The composition of Board of Directors of your company as on date is as under:

Name and Designation	Category	Date of appointment
Shri S.K.Goel Chairman & Managing Director	Whole Time Director	24 th June 2010
Shri Rajiv Takru Secretary (FS), Government of India Ministry of Finance Department of Financial Services	Government Nominee Director	4 th February 2013
Shri Ravi Mital Advisor (Infrastructure) Planning Commission Government of India	Government Nominee Director	18 th February 2013
Ms. Sharmila Chavaly Joint Secretary (Infrastructure & Investment) Government of India, Ministry of Finance Department of Economic Affairs	Government Nominee Director	22 nd October 2012
Shri K.R. Kamath CMD, Punjab National Bank	Scheduled Commercial Banks Nominee Director	22 nd March 2012
Prof. G.Raghuram, Professor Indian Institute of Management Ahmedabad	Part-Time Non-Official Director	20 th July 2010
Shri Hari Santosh Kumar Ex. Addl. Controller General of Defence Accounts	Part-Time Non-Official Director	15 th December 2011
Professor V.Venkata Ramana School of Management Studies University of Hyderabad	Part-Time Non-Official Director	10 th February 2012
Shri Harsh Kumar Bhanwala Executive Director	Whole Time Director	25 th October 2012

Shri Rajiv Takru, Secretary (FS), Ministry of Finance, Department of Financial Services, Government of India, Shri Ravi Mital, Advisor (Infrastructure), Planning Commission, Government of India, Ms. Sharmila Chavaly, Joint Secretary (Infrastructure & Investment) Department of Economic Affairs, Ministry of Finance, Government of India and Shri Harsh Kumar Bhanwala, Executive Director, IIFCL were inducted into the Board during the year. The Board welcomes all the new Directors on the Board of the Company.

Following individuals ceased to be Directors from the Board of IIFCL during the Financial Year as indicated below. The Board wishes to place on record its appreciation of their contribution to the company.

Name and Designation	Category	Tenure
Shri D.K. Mittal (Secretary (FS)) Government of India Ministry of Finance Department of Financial Services	Government Nominee Director	3 rd August 2011- 4th February 2013
Ms. Sudha Pillai Member Secretary Planning Commission Government of India	Government Nominee Director	19 th October 2009 -11th April 2012
Ms. Sindhushree Khullar Secretary Planning Commission Government of India	Government Nominee Director	11 th April 2012-18th February 2013
Shri Rajesh Khullar Joint Secretary, (Infrastructure) Government of India Ministry of Finance Department of Economic Affairs	Government Nominee Director	22 nd March 2012-22nd October 2012

Directors' Responsibility Statement

Pursuant to the requirement under section-217 (2AA) of the Companies Act, 1956 with respect to a Director's Responsibility Statement, it is hereby confirmed:

- That in the preparation of Annual Accounts for the financial year ended 31st March 2013 the applicable accounting standards had been followed along with the proper explanation relating to material departure.
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.
- That the Directors had taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the accounts for the financial year ended 31st March, 2013 on an going concern basis.

Corporate Governance

Corporate Governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own role as trustees on behalf of the shareholders. Corporate Governance ensures transparency and accountability which ensures strong and balanced economic development of company and society. Accordingly, there is strong realization in corporate world for adopting and strengthening the Corporate Governance practices.

Your company continues to focus on evolving corporate structure, conduct of business and disclosure practices aligned to such Corporate Governance Philosophy.

In line with the Best Practices on Corporate Governance, your Company's Board comprises of Nine (9) Directors out of which Two (2) Whole Time Functional Director i.e., the Chairman and Managing Director and Executive Director, three (3) are Government Nominee Directors, One (1) Director representing the Scheduled Commercial Banks and three (3) are Independent Directors.

Further, your Company has a qualified and an independent four member Audit Committee chaired by an Independent Director.

Your Company prepares the consolidated financial statements as per the applicable Accounting Standards in relation to the Consolidation of Financial Statements. The management makes disclosures to the board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company.

Reports on the economy, performance of the company and other operational matters are regularly reviewed by the Board of Directors.

Board Meetings during the year

The Board of Directors of the company provides leadership and strategic direction and brings forth their objective judgment, so as to exercise control over the functioning of the company, ensuring accountability to stakeholders through an efficient management. During the year under review, the Board of Directors met 11 times on 23rd April 2012, 22nd May 2012, 5th June 2012, 4th July 2012, 3rd August 2012, 3rd September 2012, 23rd October 2012, 22nd November 2012, 8th January 2013, 20th February 2013 and 11th March 2013.

Audit Committee of the Board

The Board of Directors has constituted an Audit Committee under section 292A of the Companies Act, 1956. The Constitution of the Audit Committee as on date is as under:

Name	Designation
Prof. G.Raghuram	Chairman
Ms. Sharmila Chavaly	Government Nominee Director
Shri Hari Santosh Kumar	Part time Non-Official Director
Shri Harsh Kumar Bhanwala	Executive Director, IIFCL

During the year 2012-13, the Audit Committee of the Board met 7 times on 23rd April 2012, 4th July 2012, 18th July 2012, 3rd September 2012, 23rd October 2012, 21st November 2012 and 20th February 2013

The Board has also constituted the following committees –

Risk Mitigation & Management Committee of the Board

Name	Designation
Shri S.K.Goel	CMD, IIFCL Chairman of the Committee
Shri K.R.Kamath	Scheduled Commercial Banks Nominee Director
Prof. V.Venkata Ramana	Part Time Non-Official Director
Shri Harsh Kumar Bhanwala	Executive Director, IIFCL

Bond Issue Committee

Name	Designation
Shri S.K.Goel	CMD, IIFCL Chairman of the Committee
Prof. G.Raghuram	Part Time Non-Official Director
Shri Hari Santosh Kumar	Part Time Non-Official Director
Prof. V.Venkata Ramana	Part Time Non-Official Director
Shri Harsh Kumar Bhanwala	Executive Director, IIFCL

Remuneration Committee

Name	Designation
Prof. G.Raghuram	Part Time Non-Official Director, Chairman of the Committee
Ms. Sharmila Chavaly	Government Nominee Director
Shri Hari Santosh Kumar	Part Time Non-Official Director

Corporate Social Responsibility (CSR) Committee

Name	Designation
Shri S.K.Goel	CMD, IIFCL Chairman of the Committee
Ms. Sharmila Chavaly	Government Nominee Director
Shri Hari Santosh Kumar	Part Time Non-Official Director
Shri Harsh Kumar Bhanwala	Executive Director, IIFCL

Management & Investment Committee

Name	Designation
Shri S.K.Goel	CMD, IIFCL, Chairman of the Committee
Shri Rajiv Takru	Government Nominee Director
Shri Hari Santosh Kumar	Part Time Non-Official Director
Prof.V.Venkata Ramana	Part Time Non-Official Director
Shri Harsh Kumar Bhanwala	Executive Director, IIFCL

Right to Information Act, 2005

During the year under review, the Company had received twelve applications under the Right to Information Act, 2005. The Company has disposed of all the applications and appeals and no application/appeal is pending.

Deposits

During the year under review, the Company has not accepted any deposits under Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

Conservation of energy

The Company is engaged in providing financial assistance to infrastructure projects and its consumption of power is insignificant. However, company has taken adequate measures to conserve energy consumption in the office premises.

Technology Absorption

The Company is engaged in providing financial assistance to infrastructure projects, which does not involve any technology absorption.

Foreign exchange earnings and outgo

Information in accordance with Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

	(₹ in lac)	
	Year ended 31 st March 2013	Year ended 31 st March 2012
Total Foreign exchange used :	₹ 5,053.64	₹ 2,251.87
Total Foreign exchange earned:	₹ 16,944.41	₹ 375.54

Particulars of Employees

The Company had no employees during the year under review whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules 1975).

Statutory Auditors

M/s P R Mehra & Co. Chartered Accountants were appointed by the Office of Comptroller & Auditor General of India as Statutory Auditors of IIFCL for the financial year 2012-13.

Comments of the Statutory Auditors/ Comptroller & Auditor General of India on Annual Accounts

The audited statement of accounts along with the report of auditors is appended with comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956, as an annexure to this Report.

Information and explanation on qualifications in Auditor's Report as required under Section 217(3) of the Companies Act 1956 is given in addendum annexed herewith.

Official Language

Efforts were made during the year towards encouraging use of Hindi in official transactions as also to ensure compliance of provisions of Official Language Act, 1963.

Acknowledgments

The Board of Directors is thankful to the Central Government specially the Ministry of Finance, Planning Commission, State Governments, Banks, Financial Institutions, Multilateral and Bilateral partners, Employees, Customers and all other Shareholders for their continued support and cooperation. The Board is also thankful to the Auditors of the Company, the Comptroller and Auditor General of India for their valuable guidance and advice.

The Board of Directors wishes to place on record its appreciation for dedication, hard work and the efforts of the employees of the company.

**BY ORDER OF THE BOARD OF DIRECTORS
FOR INDIA INFRASTRUCTURE FINANCE COMPANY LTD.**

(S.K. Goel)

Chairman and Managing Director

Place: New Delhi

Date :10.05.2013

ADDENDUM TO DIRECTORS' REPORT

Information and explanation on qualifications in Auditor's Report as required under Section 217(3) of the Companies Act 1956

- (i) **Auditors observation:** As per Accounting Standard-11 (AS-11) i.e. 'The Effects of Changes in Foreign Exchange Rates', foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and difference should be taken to the Statement of profit and loss whereas the company has restated these foreign currency loans as on the date of inception of the forward contracts and difference taken to Statement of Profit and Loss. Had the company complied with AS-11, loan liability and foreign currency receivable account as on March 31, 2013 would have been higher by ₹ 69,646.50 Lac (₹43,320.36Lacs on March 31, 2012) each. However, there would be no impact on the profit for the year ended March 31, 2013 as the loss on principal amount of hedged foreign currency loans is totally offset by the gain on the forward exchange contracts.

Management comments: IIFCL has requested the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) to give opinion in the matter of restating foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts as per Accounting Standard-11 (AS-11) i.e. 'The Effects of Changes in Foreign Exchange Rates'. Accordingly, appropriate treatment of foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts would be carried out based on such opinion.

- (ii) **Auditors observation:** As stated by the management in Note No. 24(B)(11)(b), the Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March 31, 2013 amounts to ₹ 70,689.36Lac and the net M2M loss/gain relating to interest rate swaps cannot be computed separately.

As per the announcement issued by the Institute of Chartered Accountants of India regarding 'Accounting for Derivatives', keeping in view the principle of prudence as enunciated in AS 1, 'Disclosure of Accounting Policies', the entity is required to provide for losses in respect of all outstanding derivative contracts at the balance sheet date by marking them to market except in respect of 'Forward Contracts' which are to be accounted for in accordance with the provisions of AS-11, 'The Effects of Changes in Foreign Exchange Rates'. In our opinion, the company has not ascertained and provided for such mark to market loss, if any, on these outstanding derivative contracts, i.e. Interest Rate Swaps.

Management comments: The company has undertaken composite contracts i.e. Interest Rate Swap cum forward exchange contracts to hedge risks relating to floating interest rates as well as foreign exchange fluctuations on foreign currency borrowings. The M2M losses on Interest Rate Swaps (IRS) is not being accounted for in the books of accounts as the underlying liability designated with swap is also not carried at lower of cost or market value in the financial statements and the M2M loss relating only to IRS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into composite contracts for hedging and the interest payable to counter-parties also includes amount of premium, if any, which has not been mentioned/ identified separately in the composite contracts. IIFCL has also requested EAC of the ICAI to inform how mark to market gain/ loss gain/ loss on interest rate swaps can be ascertained/ segregated from mark to market gain/ loss of composite contract while giving opinion referred in management comments to the previous observation. Accordingly, appropriate treatment in this matter would also be carried out based on such opinion.

- (iii) **Auditors observation:** Some of the balances shown under Infrastructure loans, borrowings and various other debit and credit balances as on March 31, 2013 are subject to confirmation. The impact on the company's accounts on confirmation of these balances, on reconciliation of the differences between balances as per books of account of the company and balances confirmed by the company and also on account of pending resetting of interest rates in some of the cases is not ascertainable at this stage.

Management comments: IIFCL undertakes reconciliation of balances of Infrastructure loans on on-going basis and high value differences in balances of Infrastructure loans have since been reconciled.

INDEPENDENT AUDITOR'S REPORT

To the members of India Infrastructure Finance Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of India Infrastructure Finance Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956 (4th Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

1. *As per Accounting Standard-11 (AS-11) i.e. The Effects of Changes in Foreign Exchange Rates', foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and difference should be taken to the Statement of profit and loss whereas the company has restated these foreign currency loans as on the date of inception of the forward contracts and difference taken to Statement of Profit and Loss as stated in Note No. 24(8)(14). Had the company complied with AS-11, loan liability and foreign currency receivable account as on March 31, 2013 would have been higher by ₹ 69,646.50 Lac (₹ 43,320.36 Lac as on March 31, 2012) each. However, there would be no impact on the profit for the year ended March 31, 2013 as the loss on principal amount of hedged foreign currency loans is totally offset by the gain on the forward exchange contracts.*

2. *As stated by the management in Note No. 24(8)(11)(b), the Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March 31, 2013 amounts to ₹ 70,689.36 Lac and the net M2M loss/gain relating to interest rate swaps cannot be computed separately.*

As per the announcement issued by the Institute of Chartered Accountants of India regarding 'Accounting for Derivatives', keeping in view the principle of prudence as enunciated in AS 1, 'Disclosure of Accounting Policies', the entity is required to provide for losses in respect of all outstanding derivative contracts at the balance sheet date by marking them to market except in respect of 'Forward Contracts' which are to be accounted for in accordance with the provisions of AS-11, The Effects of Changes in Foreign Exchange Rates'. In our opinion, the company has not ascertained and provided for such mark to market loss, if any, on these outstanding derivative contracts, i.e. Interest Rate Swaps.

3. *Some of the balances shown under Infrastructure loans, borrowings and various other debit and credit balances as on March 31, 2013 are subject to confirmation. The impact on the company's accounts on confirmation of these balances, on reconciliation of the differences between balances as per books of account of the company and balances confirmed by the company and also on account of pending resetting of interest rates in some of the cases is not ascertainable at this stage. [Refer note 24(8)(21)].*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in paragraph 1 above and possible effects of the matters described in paragraphs 2 & 3 above in the 'Basis for Qualified Opinion' paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) *in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2013;*
- (b) *in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and*
- (c) *in the case of the cash flow statement, of the cash flows for the year ended on that date.*

Emphasis of Matter

The company, being a Non-Banking Finance Company since incorporation, has been carrying on the business of a non-banking financial institution without obtaining a certificate of registration from the Reserve Bank Of India. We draw attention to Note No. 24(B) (16)(a) of the financial statements which describes the matter regarding application made by the company on March 07, 2013 for registration of the company as a 'Non- Banking Financial Company-Infrastructure Finance Company (NBFC-IFC)' with Reserve Bank Of India as required under section 45-(1A)(1)(a) of Chapter IIIB of The Reserve Bank Of India which is pending. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - e. The requirements of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 relating to the disqualification of the directors are not applicable to the company, being a Government company, in terms of notification No. G.S.R.829(E), dated 21.10.2003 issues by the Ministry of Finance, Department of Corporate Affairs.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For P. R. Mehra & Co.
(Chartered Accountants)
(Registration. No. 000051N)

(Jai Prakash Agarwal)
Partner
(Membership No. 010270)

Place: New Delhi
Dated: 10.05.2013

Annexure to the Auditor's Report to the Members of India Infrastructure Finance Company Limited

Referred to in sub-paragraph 1 under 'Report on Other Legal and Regulatory Requirements' paragraph of our audit report of even date:

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
 - (c) The company has not disposed off any material fixed asset during the year.
- (ii) The nature of business of the Company does not require it to hold inventories and as such clause 4(ii) of the Companies (Auditor's Report) Order, 2003 ('Order') is not applicable.
- (iii)
 - (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(iii) (b), (c) and (d) of the Order are not applicable to the company.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except for issue of bonds of ₹ 0.20Lac to a director of the company in 2010-11 and the rate of interest and other terms and conditions of these bonds are not prejudicial to the interests of the company. Further, no payment of principal and interest was due up to March 31, 2013.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for sale of services. Further, during the course of our audit, we have neither come across nor have we been informed of any significant continuing failure to correct major weaknesses in the internal control system with regard to purchase of fixed assets and sale of services.
- (v) To the best of our knowledge and belief and according to the information and explanation given to us, there were no contracts or arrangements referred to in section 301 of the Act which have to be entered in the register maintained under that Section during the year ended March 31, 2013. Accordingly, the requirements of paragraph (v) (b) of the order are also not applicable as there was no such transaction in excess of ₹ 5 lac.
- (vi) The Company has not accepted any deposits from the public within the meaning of the Rule 2(b) of the Companies (Acceptance of Deposits) Rules 1975.
- (vii) In our opinion, the internal audit system i.e. internal audit carried out by an external agency appointed by the management is commensurate with the size of the company and the nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix)
 - (a) According to the information and explanation given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Income tax, Service-Tax, Cess and other material statutory dues as applicable with the appropriate authorities.
 - (b) According to information and explanations given to us, no undisputed amounts in respect of Income Tax, Cess and other material statutory dues applicable to the company were in arrears as of March 31, 2013 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues outstanding on account of Income Tax / Service Tax / Cess that have not been deposited on account of disputes.
- (x) The company has no accumulated losses as on March 31, 2013. The company has not incurred cash losses for the financial year ended March 31, 2013 and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.

- (xii) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company has not granted loans and advances on the basis of prime security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) The company is not a chit fund, Nidhi, mutual benefit or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) (a) According to the information and explanations given to us and on the basis of our examination of the books of account generally, proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of the securities, debentures and other investments dealt with or traded by the company.
(b) The securities, debentures and other securities have been held by the Company, in its own name except to the extent of the exemption, if any, granted under Section 49 of the Act.
- (xv) In our opinion and according to information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institutions. (Refer note 24(B)(1)(e) of Financial Statements for the year ended March 31, 2013).
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained except for temporary deployment in deposits with banks pending application.
- (xvii) According to information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The company has created security and charge on tax saving long-term infrastructure bonds of ₹ 9096.18 Lac issued during the year ended March 31, 2011, non-convertible bonds of ₹ 1,10,000 Lac and tax-free bonds of ₹ 3,66,887.69 Lac issued during the year ended March 31, 2013. However, in respect of tax free bonds of ₹ 27,244.20 Lac allotted on March 26, 2013, security and charge was created after the close of the financial year.
- (xx) The company has raised money by public issue of bonds during the year and the required disclosure regarding end use of money raised by public issue has been made by the company and the same has been verified.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For P. R. Mehra & Co.
(Chartered Accountants)
(Regn No. 000051N)

(Jai Prakash Agarwal)
Partner
(Membership No. 010270)

Place: New Delhi
Dated: 10.05.2013

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH 2013

₹ in Lac

PARTICULARS	Note No.	As at 31 st March 2013	As at 31 st March 2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	2,90,000.00	2,50,000.00
(b) Reserves and Surplus	2	1,95,817.01	1,16,807.86
(c) Money received against share warrants		-	-
SUB-TOTAL (1)		4,85,817.01	3,66,807.86
(2) Share application money pending allotment- SUB-TOTAL (2)		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	17,83,859.52	20,84,196.36
(b) Deferred tax liabilities (Net)	4	13,027.59	6,199.19
(c) Other long term liabilities	5	112.60	132.21
(d) Long-term provisions	6	14,350.72	11,371.01
SUB-TOTAL (3)		18,11,350.43	21,01,898.77
(4) Current liabilities			
(a) Short-term borrowings	7	1,48,385.89	2,74,368.97
(b) Trade payables	8	181.04	113.62
(c) Other current liabilities	9	10,73,818.25	49,322.06
(d) Short-term provisions	10	1,118.78	200.29
SUB-TOTAL (4)		12,23,503.96	3,24,004.94
TOTAL (1)+(2)+(3)+(4)		35,20,671.40	27,92,711.57
II ASSETS			
(1) Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		113.97	101.84
(ii) Intangible assets		6.36	7.28
(iii) Capital Work -in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-current investments	12	54,579.40	52,771.22
(c) Long term loans and advances	13	18,92,760.68	18,03,712.91
(d) Other non-current assets		-	-
SUB-TOTAL (1)		19,47,460.41	18,56,593.25
(2) Current assets			
(a) Current Investments	14	-	1,482.98
(b) Trade Receivables	15	366.67	-
(c) Cash and Bank Balances	16	9,77,894.61	8,17,908.50
(d) Short term loans and advances	17	5,23,982.91	53,845.58
(e) Other current assets	18	70,966.80	62,881.26
SUB-TOTAL (2)		15,73,210.99	9,36,118.32
Significant accounting policies and other notes to the financial statements	24		
TOTAL (1)+(2)		35,20,671.40	27,92,711.57

As per our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Registration no: 000051N)

Jai Prakash Agarwal
Partner
Membership No.: 10270

Place: New Delhi
Dated: 10.05.2013

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

Harsh Kumar Bhanwala
(Executive Director)

S.K. Goel
(Chairman and Managing Director)

Rajeev Mukhija
(General Manager- CFO & CS)

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

₹ in Lac

S.No.	PARTICULARS	Note No.	Year ended 31 st March 2013	Year ended 31 st March 2012
I.	Revenue from operations	19	3,27,901.99	2,54,042.68
II.	Other Income	20	841.54	416.96
III.	Total Revenue (I+II)		3,28,743.53	2,54,459.64
IV.	Expenses			
	Finance Costs	21	1,87,603.08	1,58,305.48
	Employee Benefits Expense	22	819.00	841.62
	Provision for Loan Assets	24(B)(16b)	3,920.77	1,046.01
	Marked to Market Losses on Derivatives	24(B)(11a)	(974.01)	1455.70
	Depreciation and amortisation expense	11	35.92	35.98
	Other Expenses	23	2,535.98	2,555.28
	Total Expenses		1,93,940.74	1,64,240.07
V.	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		1,34,802.79	90,219.57
VI.	Exceptional Items			
	Add: Dividend received from subsidiary company i.e. India Infrastructure Finance Company (UK) Ltd.		16,627.50	-
	Less: Provision for Standard Loan Assets	24(B)(16b)	-	(3,620.59)
VII.	PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)		1,51,430.29	86,598.98
VIII.	Extraordinary Items		-	-
IX.	PROFIT BEFORE TAX (VII-VIII)		1,51,430.29	86,598.98
X.	Tax Expense:			
	(1) Current Tax			
	- Current Year		(39,694.48)	(24,698.30)
	- Earlier Year		(207.97)	310.88
	(2) Deferred Tax	4		
	- Current Year		(6,828.40)	(3,472.75)
	- Earlier Year		-	(156.05)
XI.	Profit for the year from continuing operations (IX-X)		1,04,699.44	58,582.76
XII.	Earnings per equity share (₹) (face value of ₹ 10/- each)	24(B)(7)		
	(1) Basic		3.79	2.84
	(2) Diluted		3.79	2.84
	Significant accounting policies and other notes to the financial statements	24		

As per our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Registration no: 000051N)

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

Jai Prakash Agarwal
Partner
Membership No.: 10270

Harsh Kumar Bhanwala
(Executive Director)

S.K. Goel
(Chairman and Managing Director)

Rajeev Mukhija
(General Manager- CFO & CS)

Place: New Delhi
Dated: 10.05.2013

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

₹ in Lac

PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
(i) Net Profit before Tax	1,51,430.29	86,598.98
Adjustments for:		
(ii) Depreciation and amortisation expense	35.92	35.98
(iii) Provision/write offs	4,023.23	6,244.47
(iv) Provisions/ Amounts written back	(1,088.11)	(100.18)
(v) Foreign Exchange Fluctuation Loss / (Profit) on borrowings	4,206.57	1,262.39
(vi) Interest / expenses on borrowings	1,76,882.47	1,52,353.47
(vii) Other Borrowing Costs	7,068.36	5,156.19
(viii) Dividend received from subsidiary company	(16,627.50)	
(ix) Interest on Income Tax	95.39	141.16
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,26,026.62	2,51,692.46
(i) Cash Flow From Lending of Funds	(5,58,826.99)	(4,14,176.64)
(ii) Sale of/ (Addition) to Investments	1,500.00	1,74,654.23
(iii) (Increase)/decrease in Trade Receivables	(366.67)	-
(iv) (Increase)/decrease in Current Assets, Loans and Advances	(8,313.71)	(26,315.50)
(v) (Increase)/decrease in other bank balances	(1,31,516.20)	(1,49,019.45)
(v) Increase/(decrease) in other non- current and current liabilities	615.71	12.28
CASH FLOW FROM OPERATIONS BEFORE TAX	(3,70,881.24)	(1,63,152.62)
Taxes paid (Net)	(39,152.22)	(25,115.67)
NET CASH FROM OPERATIONS	A (4,10,033.46)	(1,88,268.29)
B CASH FLOW FROM INVESTING ACTIVITIES		
(i) (Purchase of)/ Sale for Fixed Assets	(255.33)	(66.16)
(ii) Investments in Subsidiary Company and Venture Capital Units	(2,354.48)	(2,164.62)
(iii) Redemption of Investments in Venture Capital Units	522.10	172.00
(iv) Dividend received from subsidiary company	16,627.50	-
NET CASH FROM INVESTING ACTIVITIES	B 14,539.79	(2,058.78)
C CASH FLOW FROM FINANCING ACTIVITIES		
(i) Proceeds from Issue of Share Capital	40,000.00	50,000.00
(ii) Proceeds from Long term Borrowings	7,07,305.57	1,04,566.93
(iii) Proceeds/ (Repayment) from Short term Borrowings	(1,25,983.08)	1,56,161.23
(iv) Securities Premium on Bonds	9.85	-
(v) Interim Dividend paid (including dividend distribution tax)	(25,700.14)	
(vi) Interest / expenses on Borrowings	(1,64,735.38)	(1,49,701.92)
(vii) Other Borrowing Costs	(6,933.24)	(5,618.41)
NET CASH FROM FINANCING ACTIVITIES	C 4,23,963.58	1,55,407.83
NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C)	28,469.91	(34,919.24)
Add: Opening Cash and Cash Equivalents	6,489.28	41,408.52
Closing Cash and Cash Equivalents	34,959.19	6,489.28
Closing Cash and Cash Equivalent Comprises of :-		
1 Cash in hand	0.34	0.32
2 Current Accounts in India (Refer footnote of Note 16)	30,658.15	3,101.76
3 Flexi Deposit Accounts	4,300.70	3,387.20
TOTAL	34,959.19	6,489.28

Note:- Figures of previous period (s) have been re-grouped /re-arranged wherever necessary to make them comparable to the reporting period presentation.

As per our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Registration no: 000051N)

Jai Prakash Agarwal
Partner
Membership No.: 10270
Place: New Delhi
Dated: 10.05.2013

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

Harsh Kumar Bhanwala
(Executive Director)

S.K. Goel
(Chairman and Managing Director)

Rajeev Mukhija
(General Manager- CFO & CS)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : SHARE CAPITAL

PARTICULARS	₹ in Lac	
	As at 31 st March 2013	As at 31 st March 2012
Authorized Capital		
5,000,000,000 equity shares of ₹ 10/- each	5,00,000.00	5,00,000.00
Issued, Subscribed & Fully Paid Equity Shares		
2,900,000,000 (2,500,000,000 as at 31 st March 2012) equity shares of ₹ 10/- each	2,90,000.00	2,50,000.00

Footnotes:

a) **Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period**

PARTICULARS	Year ended 31 st March 2013		Year ended 31 st March 2012	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	2,50,00,00,000	2,50,000.00	2,00,00,00,000	2,00,000.00
Shares Issued during the reporting period	40,00,00,000	40,000.00	50,00,00,000	50,000.00
Shares outstanding at the end of the reporting period	2,90,00,00,000	2,90,000.00	2,50,00,00,000	2,50,000.00

b) Entire equity share capital of the company is held by Government of India.

Note 2 : RESERVES & SURPLUS

₹ in Lac

S. No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(a)	CAPITAL RESERVE (PROFIT ON SALE OF NON CURRENT SECURITIES)		
	Opening Balance	585.14	585.14
	Closing Balance	585.14	585.14
(b)	SECURITIES PREMIUM RESERVE (ON BONDS)		
	Opening Balance	-	-
	Add: For the year	9.85	-
	Closing Balance	9.85	-
(c)	DEBENTURE REDEMPTION RESERVE		
	Opening Balance	882.90	9.54
	Add: Transfer from Surplus in Statement of Profit and Loss	973.12	873.36
	Closing Balance	1,856.02	882.90
(d)	OTHER RESERVES		
(i)	RESERVE FOR LOAN ASSETS (footnote 1)		
	Opening Balance	5,792.94	5,792.94
	Closing Balance	5,792.94	5,792.94
(ii)	SPECIAL RESERVE U/S 36(1)(viii) OF INCOMETAX ACT, 1961 (footnote 2)		
	Opening Balance	21,644.48	10,035.24
	Add: Transfer from Surplus in Statement of Profit and Loss (Net)	20,072.80	11,609.24
	Closing Balance	41,717.28	21,644.48
(iii)	STAFF WELFARE RESERVE (footnote 3)		
	Opening Balance	64.44	65.00
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	1.95	0.56
	Closing Balance	62.49	64.44
(iv)	CORPORATE SOCIAL RESPONSIBILITY RESERVE (footnote 4)		
	Opening Balance	591.60	-
	Add: Transfer from Surplus in Statement of Profit and Loss	1,171.66	591.60
	Less: Amount utilized during the year and transferred to Surplus in Statement of Profit and Loss	105.40	-
	Closing Balance	1,657.86	591.60
(e)	SURPLUS IN STATEMENT OF PROFIT AND LOSS		
	Opening Balance	87,246.36	41,737.24
	Add: Profit for the current year	104,699.44	58,582.76
	Add: Transfer from Staff Welfare Reserve	1.95	0.56
	Add: Transfer from Corporate Social Responsibility Reserve	105.40	-
	Less: Transfer to Debenture Redemption Reserve	973.12	873.36
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	20,072.80	11,609.24
	Less: Transfer to Corporate Social Responsibility Reserve	1,171.66	591.60
	Less: Interim Dividend	22,112.88	-
	Less: Dividend Distribution Tax	3,587.26	-
	Closing Balance	144,135.43	87,246.36
	TOTAL	1,95,817.01	1,16,807.86

Footnotes:

- 1 Reserve for loan assets created @ 0.40% on outstanding amount of loans assets as at 31st March 2011 has been retained. [Refer Note 24(B)(16c)]
- 2 Special Reserve is the statutory reserve required to be maintained u/s 36(1)(viii) of Income Tax Act, 1961 by companies providing long term finance for development of infrastructure facility in India.
- 3 Staff Welfare Reserve created to promote, among the staff, sports, cultural and other welfare activities.
- 4 Corporate Social Responsibility Reserve created w.e.f. the previous financial year to comply with the Corporate Social Responsibility (CSR) Policy of the company as per guidelines on CSR issued by Department of Public Enterprises.

Note 3 : LONG TERM BORROWINGS

₹ in Lac

S.No.	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(A)	SECURED BONDS		
(i)	500 9.36% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27/07/2042 (See footnote 1)	5,000.00	-
(ii)	10,500 9.41% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27/07/2037 (See footnote 1)	1,05,000.00	-
(iii)	98,31,060 7.40% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2033 (See footnote 1)	98,310.60	-
(iv)	17,33,164 7.90% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2033 (See footnote 1)	17,331.64	-
(v)	210 7.41% Non Convertible Bonds (Tax Free) Series IV-C of face value ₹ 10 lac each, redeemable at par on 21/11/2032 (See footnote 1)	2,100.00	-
(vi)	3,400 7.41% Non Convertible Bonds (Tax Free) Series III-C of face value ₹ 10 lac each, redeemable at par on 15/11/2032 (See footnote 1)	34,000.00	-
(vii)	66,42,074 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2028 (See footnote 1)	66,420.74	-
(viii)	9,67,479 7.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2028 (See footnote 1)	9,674.79	-
(ix)	500 7.38% Non Convertible Bonds (Tax Free) Series IV-B of face value ₹ 10 lac each, redeemable at par on 21/11/2027 (See footnote 1)	5,000.00	-
(x)	1,000 7.38% Non Convertible Bonds (Tax Free) Series III-B of face value ₹ 10 lac each, redeemable at par on 15/11/2027 (See footnote 1)	10,000.00	-
(xi)	84,24,960 7.19% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2023 (See footnote 1)	84,249.60	-
(xii)	12,40,032 7.69% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2023 (See footnote 1)	12,400.32	-
(xiii)	2,140 7.21% Non Convertible Bonds (Tax Free) Series IV-A of face value ₹ 10 lac each, redeemable at par on 21/11/2022 (See footnote 1)	21,400.00	-
(xiv)	600 7.20% Non Convertible Bonds (Tax Free) Series III-A of face value ₹ 10 lac each, redeemable at par on 15/11/2022 (See footnote 2)	6,000.00	-
(xv)	Long Term Infrastructure Bonds covered under Section 80CCF of Income Tax Act, 1961 (See footnotes 1 & 2)	9,096.18	9,096.18
	SUB-TOTAL (A)	4,85,983.87	9,096.18
(B)	UNSECURED BONDS		
(i)	20,400 7.08% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2033 (See footnote 3)	204.00	-
(ii)	2,12,765 7.58% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2033 (See footnote 3)	2,127.65	-
(iii)	3,46,000 7.02% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2028 (See footnote 3)	3,460.00	-
(iv)	1,19,618 7.52% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2028 (See footnote 3)	1,196.18	-
(v)	10,000 8.55% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 03/11/2024 #	1,00,000.00	1,00,000.00
(vi)	4,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 24/08/2024 #	40,000.00	40,000.00
(vii)	6,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 12/08/2024 #	60,000.00	60,000.00
(viii)	5,000 7.90% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 28/04/2024 #	50,000.00	50,000.00
(ix)	5,000 8.10% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 08/04/2024 #	50,000.00	50,000.00

(x)	2,000 8.68% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 18/12/2023 #	20,000.00	20,000.00
(xi)	2,000 9.35% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 17/11/2023 #	20,000.00	20,000.00
(xii)	19,16,110 6.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2023	19,161.10	-
(xiii)	1,09,527 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2023	1,095.27	-
(xiv)	2,000 8.82% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 19/12/2022 #	20,000.00	20,000.00
(xv)	5,000 8.70% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 02/09/2016 #	50,000.00	50,000.00
(xvi)	2,63,070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20/03/2014 #	-	263,070.00
(xvii)	7,36,930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22/01/2014 #	-	736,930.00
	SUB-TOTAL (B)	4,37,244.20	14,10,000.00
(C)	UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote 4)		
(i)	Life Insurance Corporation of India (LIC)*	1,85,000.00	95,000.00
(ii)	National Small Savings Schemes Fund (NSSF)	1,50,000.00	1,50,000.00
(iii)	Asian Development Bank (ADB)*	4,96,727.66	3,92,219.78
(iv)	IBRD (World Bank)*	10,532.43	10,420.98
(v)	Kreditanstalt für Wiederaufbau (KfW)*	18,371.36	17,459.42
	SUB-TOTAL (C)	8,60,631.45	6,65,100.18
	TOTAL (A)+(B)+(C)	17,83,859.52	20,84,196.36

Guaranteed by Government of India including ₹ 10,00,000 Lac as on 31st March 2013 (Nil as on 31st March 2012) 6.85% tax free bonds due within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]

* Guaranteed by Government of India [including ₹ 10,000 Lac and ₹ 7,033.47 Lac as on 31st March 2013 (₹ 5,000 Lac and ₹ 3,836.74 Lac as at 31st March 2012) being the amount due to LIC and ADB respectively within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]

Footnotes:

- 1) These bonds are secured on pari passu basis by all rights, titles, interests, benefit, claims and demands whatsoever of the Company's accounts including receivables of the Company of whatsoever nature, present and future.
- 2) Details of Long term Infrastructure bonds issued by IIFCL under section 80 CCF of Income Tax Act, 1961, are as under:
 - (i) 130407 8.30% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.
 - (ii) 779211 8.15% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.
- 3) These bonds have been secured by creation of charge on assets mentioned at footnote 1 above, after the close of the financial year.

4) TERMS OF REPAYMENT OF LONG TERM LOANS

i) Life Insurance Corporation of India						
Tranche	Loan Amount (Including short term) (₹ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment repayment
I	100000	8.56%	1.02.2013	1.08.2022	Semi-Annual	Equal installments of ₹ 5,000 lac every 6 months
II	100000	9.36%	1 st February 2027		Bullet basis	Entire loan amount on 1 st February 2027
ii) National Small Savings Schemes Fund (NSSF)						
	Loan Amount (₹ in Lac)	Rate of Interest	Date of repayment		Frequency of repayment	Amt of repayment
	150000	9.00%	31 st March 2023		Bullet basis	Entire loan amount of ₹150,000 lac
iii) Asian Development Bank						
	Loan Amount (including short term) as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment repayment
I	3000	6M USD LIBOR +20bps	15.12.2012	15.06.2032	Semi-Annual	Each instalment of 2.50% of loan amount
II	2000	6M USD LIBOR +20bps	15.06.2014	15.12.2033	Semi-Annual	Each instalment of 2.50% of loan amount
III	2100	6M USD LIBOR +20bps	15.12.2014	15.06.2034	Semi-Annual	Ballooning instalments
IV	2500	6M USD LIBOR +30bps	15.12.2015	15.06.2035	Semi-Annual	starting from 0.827816% to
V	2400	6M USD LIBOR +40bps	15.12.2016	15.06.2036	Semi-Annual	upto 5.550311% of loan amount
Total	12000					
iv) IBRD (World Bank)						
	Loan Amount as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment repayment
	11950	6M USD LIBOR +variable spread	15.04.2017	15.04.2037	Semi-Annual	Instalment (s) of 2.44% of loan amount upto 15.10.2036 and 2.40% on 15.04.2037
v) KfW						
	Loan Amount as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment repayment
Portion-I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro 272,000 from 30.06.2022 to 30.12.2049 and Euro 272581.03 on 30.06.2050
Portion-II	334.11	4.99%	30.06.2015	30.06.2020	Semi-Annual	- Euro 3,037,000 from 30.06.2015 to 30.06.2018 - Euro 3,038,000 from 30.12.2018 to 30.12.2019 and Euro 3,038,418.97 on 30.06.2020
Total	500.00					

Note 4 : DEFERRED TAX LIABILITIES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(I)	Deferred tax Liability		
(i)	On account of Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	13,535.17	7,022.55
(ii)	On account of deduction claimed for standard loan assets	1,417.46	1,417.52
	Deferred Tax Liability	14,952.63	8,440.07
(II)	Deferred tax Assets		
(i)	On account of depreciation	5.95	4.19
(ii)	On account of diminution in value of investments	75.97	77.55
(iii)	On account of provision for contingencies*	1,843.12	2,159.14
	Deferred Tax Assets	1,925.04	2,240.88
	Deferred Tax Liability (Net)	13,027.59	6,199.19

* Created in respect of marked to market losses on derivatives

Note 5 : OTHER LONG TERM LIABILITIES

		₹ in Lac	
S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(a)	Trade payables	-	-
(b)	Others:		
(i)	Rent adjustable account	106.60	105.33
(ii)	Gratuity payable	-	3.20
(iii)	Security deposit received	6.00	23.68
	TOTAL	112.60	132.21

Note 6 : LONG TERM PROVISIONS

S.No.	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(A)	Provision for Employee Benefits [See note 24 (B) (6a)]		
(i)	Leave Encashment	50.47	32.08
(ii)	Sick Leave	23.87	9.46
(iii)	Leave Fare Concession	8.26	8.11
	SUB-TOTAL (A)	82.60	49.65
(B)	Others [See note 24 (B) (6a)]		
(i)	Marked to market losses on derivatives [See Note 24 (B) (11a)]	5,680.75	6,654.76
(ii)	Contingent Provisions against Standard Assets [See Note 24 (B) (16b)]	6,048.51	4,666.60
(iii)	Provisions against Sub-standard Assets [See Note 24 (B) (16b)]	2,361.92	-
(iv)	Provisions against Standard Restructured Assets [See Note 24 (B) (16b)]	176.94	-
	SUB-TOTAL (B)	14,268.12	11,321.36
	TOTAL (A)+(B)	14,350.72	11,371.01

Note 7 : SHORT TERM BORROWINGS

	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
	LOANS REPAYABLE ON DEMAND FROM BANKS (Secured by pledge of fixed deposit receipts of ₹ 5,36,873.75 Lac (₹ 392,864 Lac as at 31 st March 2012))	1,48,385.89	2,74,368.97
	TOTAL	1,48,385.89	2,74,368.97

Note 8 : TRADE PAYABLES

PARTICULARS	₹ in Lac	
	As at 31 st March 2013	As at 31 st March 2012
Miscellaneous Liabilities	181.04	113.62
TOTAL	181.04	113.62

Note 9 : OTHER CURRENT LIABILITIES

S.No	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(A) Current maturities of long term debt (See note 3):			
(i)	2,63,070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20/03/2014	2,63,070.00	-
(ii)	7,36,930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22/01/2014	7,36,930.00	-
(iii)	Life Insurance Corporation of India (LIC)	10,000.00	5,000.00
(iv)	Asian Development Bank (ADB)	7,033.47	3,836.74
	SUB-TOTAL (A)	10,17,033.47	8,836.74
(B) Interest accrued but not due on borrowings			
(i)	On bank overdraft	6.75	74.95
(ii)	On bonds and term loans	55,761.12	39,893.58
	SUB-TOTAL (B)	55,767.87	39,968.53
(C) Income received in advance			
(i)	Amount pending appropriation	513.40	0.74
(ii)	Grants received from World Bank	13.73	172.14
	SUB-TOTAL (C)	527.13	172.88
(D) Other payables			
(i)	Duties & Taxes payable	164.92	89.26
(ii)	PF deducted on behalf of employees/ whole time directors (including interest payable)	9.01	50.05
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	44.82	33.50
(v)	Government Guarantee fees payable	-	1.37
(vi)	Payable to Employees/ Whole time Directors	5.11	1.69
(vii)	Contribution towards gratuity fund payable to LIC	23.35	32.91
(viii)	Rent Adjustable Account	49.48	13.02
(ix)	Grant refundable to World Bank	113.03	-
(x)	Others	78.68	120.73
	SUB-TOTAL (D)	489.78	343.91
	TOTAL (A)+(B)+(C)+(D)	10,73,818.25	49,322.06

Note 10 : SHORT TERM PROVISIONS

		₹ in Lac	
S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A)	Provision for Employee Benefits [See note 24 (B) (6a)]		
(i)	Leave Encasement	16.74	0.92
(ii)	Sick Leave	1.53	0.43
(iii)	Leave Fare Concession	0.64	0.33
(iv)	Performance Linked Incentive to Whole time Directors	51.50	33.15
(v)	Wage Revision [See note 24(B)(15)]	37.29	-
	SUB-TOTAL (A)	107.70	34.83
(B)	Others [See note 24 (B) (6a)]		
(i)	Income Tax (Net)	919.70	120.09
(ii)	Interest on Income Tax	91.38	45.37
	SUB-TOTAL (B)	1,011.08	165.46
	TOTAL (A)+(B)	1,118.78	200.29

Note 11 : FIXED ASSETS

₹ in Lac

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2012	Addition	Disposals/ Adjustments	As at 31.03.2013	As at 01.04.2012	For the Period	Deductions/ Reversals	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS									
FURNITURE & FIXTURES	13.76	21.15	0.24	34.67	4.62	3.60	0.24	26.69	9.14
VEHICLES	69.18	7.25	-	76.43	30.48	10.08	-	35.87	38.70
OFFICE EQUIPMENTS	28.83	7.16	5.56	30.43	5.86	4.52	3.19	23.24	22.97
COMPUTER HARDWARE	61.53	6.11	(13.59)	81.23	30.50	16.17	(6.39)	28.17	31.03
TOTAL	173.30	41.67	(7.79)	222.76	71.46	34.37	(2.96)	113.97	101.84
As at 31 st March 2012	103.27	78.14	8.11	173.30	46.33	32.56	7.43	101.84	56.94
INTANGIBLE ASSETS									
COMPUTER SOFTWARE	14.33	7.91	14.33	7.91	7.05	1.55	7.05	6.36	7.28
TOTAL	14.33	7.91	14.33	7.91	7.05	1.55	7.05	6.36	7.28
As at 31 st March 2012	10.14	5.36	1.17	14.33	4.80	3.42	1.17	7.28	5.34

Note 12 : NON-CURRENT INVESTMENTS

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013			As at 31 st March 2012		
		Number of Shares	Face Value		Number of Shares	Face Value	
(A)	TRADE INVESTMENTS						
(a)	Investment in Equity Instruments - Unquoted (Fully Paid)						
	Wholly owned Subsidiaries						
	Investment in India Infrastructure Finance Company (UK) Ltd.	5,00,000.00	US \$1	23,394.80	5,00,00,000	US \$ 1	23,394.80
	Investment in IIFCL Asset Management Company Ltd.	1,25,00,000	₹ 10	1,250.00	-	-	-
	Investment in IIFCL Projects Ltd.	1,00,000	₹ 10	50.00	-	-	-
				<u>24,694.80</u>			<u>23,394.80</u>
(b)	Investment in Equity Instruments - Unquoted (Fully Paid)						
	Associate Company						
	[See note 24(B)(4)(i)(A)(iii)]						
	Investment in Delhi Mumbai Industrial Corridor Development Corporation Ltd.	41,00,000	₹ 10	411.03	41,00,000	₹ 10	411.03
				<u>411.03</u>			<u>411.03</u>
(c)	Investment in Venture Capital Units (Unquoted) (Fully Paid)						
		<u>Number of Units</u>	<u>Face Value</u>		<u>Number of Units</u>	<u>Face Value</u>	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	60,60,239	₹ 100	6060.24	55,27,859	₹ 100	5,527.86
				<u>6,060.24</u>			<u>5,527.86</u>
(d)	Investment in Bonds (Quoted) (Fully Paid) (See footnote d below)						
		<u>Number of Bonds</u>	<u>Face Value</u>		<u>Number of Bonds</u>	<u>Face Value</u>	
(i)	7.70% REC 2014	100	₹10 lac	959.23	100	₹10 lac	959.23
(ii)	8.90% PNB 2019	200	₹10 lac	1984.03	200	₹10 lac	1,984.03
(iii)	10.60% IRFC 2018	50	₹10 lac	500.89	50	₹10 lac	500.89
(iv)	11.00% PFC 2018	50	₹10 lac	526.63	50	₹10 lac	526.63
(v)	11.25% PFC 2018	100	₹10 lac	1065.93	100	₹10 lac	1,065.93
				<u>5,036.71</u>			<u>5,036.71</u>
	SUB-TOTAL (A)			<u>36,202.78</u>			<u>34,370.40</u>
(B)	OTHER INVESTMENTS						
(a)	Investment in Government Securities (Unquoted)						
		<u>Number of Units</u>	<u>Face Value</u>		<u>Number of Units</u>	<u>Face Value</u>	
(i)	6.05% GOI 2019	20,00,000	₹ 100	1,980.00	20,00,000	₹ 100	1,980.00
(ii)	6.35% GOI 2020	75,00,000	₹ 100	6,834.51	75,00,000	₹ 100	6,834.51
(iii)	6.90% GOI 2019	20,00,000	₹ 100	1,952.09	20,00,000	₹ 100	1,952.09
(iv)	7.76% SL (Karnataka) 2019	5,00,000	₹ 100	511.79	5,00,000	₹ 100	513.78
(v)	7.85% SL (Andhra Pradesh) 2019	10,00,000	₹ 100	1,002.02	10,00,000	₹ 100	1,002.34
(vi)	8.27% SL (Kerala) 2019	10,00,000	₹ 100	1,007.41	10,00,000	₹ 100	1,008.65
(vii)	8.43% SL (West Bengal) 2019	15,00,000	₹ 100	1,572.69	15,00,000	₹ 100	1,584.91
(viii)	8.48% SL (Tamil Nadu) 2019	25,00,000	₹ 100	2,550.19	25,00,000	₹ 100	2,558.62
				<u>17,410.70</u>			<u>17,434.90</u>
(b)	Investment in Bonds (Quoted) (Fully Paid)						
		<u>Number of Bonds</u>	<u>Face Value</u>		<u>Number of Bonds</u>	<u>Face Value</u>	
	8.83% Neyveli Lignite Corp.Ltd.2019	100	₹10 lac	965.92	100	₹10 lac	965.92
				<u>965.92</u>			<u>965.92</u>
	SUB-TOTAL (B)			<u>18,376.62</u>			<u>18,400.82</u>
	TOTAL (A)+(B)			<u>54,579.40</u>			<u>52,771.22</u>

Footnotes:

(a)	Aggregate amount of quoted investments:		
	Cost/Book Value	6,002.63	6,002.63
	Market Value	6,185.84	6,024.58
(b)	Aggregate amount of unquoted investments - Cost/Book Value	48,576.77	46,768.59
(c)	Aggregate provision for diminution in value of investments	222.00	222.00
(d)	During the previous financial year, these investments were shifted from current investments to non-current investments with the approval of Board of Directors of the company at cost or fair value, whichever is lower as on closing of 31 st March 2012. This resulted into aggregate provision being made for diminution in value of investments amounting to ₹ 222 lac.		
(e)	Refer Note 24(A)(5) for valuation of individual investments.		

Note 13: LONG TERM LOANS AND ADVANCES

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A)	CAPITAL ADVANCES (Unsecured, Considered good) SUB-TOTAL (A)	213.66 213.66	7.91 7.91
(B)	SECURITY DEPOSIT (Unsecured, Considered good) SUB-TOTAL (B)	390.65 390.65	414.75 414.75
(C) (I)	INFRASTRUCTURE LOANS (STANDARD ASSETS) (See footnote below)		
(i)	Direct Lending	16,15,704.21	13,15,894.37
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	9,577.11	10,231.72
(iii)	Refinancing Scheme	-	4,16,800.00
(iv)	Takeout financing Scheme	2,46,405.04	60,355.47
(C) (II)	INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS)		
(i)	Direct Lending	19,369.21	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,000.54	-
	SUB-TOTAL (C)	18,92,056.11	18,03,281.56
(D)	OTHER LOANS AND ADVANCES		
(I)	Secured, Considered good Loan to employees	99.12	8.18
(II)	Unsecured, Considered good		
(i)	Advance recoverable from employees	1.14	-
(ii)	Prepaid Expenses	-	0.51
	SUB-TOTAL (D)	100.26	8.69
	TOTAL (A) + (B) + (C) + (D)	18,92,760.68	18,03,712.91
Footnote:			
Sector	Particulars/Security	Amount (₹ in Lac)	
Power and Other Sectors	"Secured, Considered Good: Mortgage: First parri-passu charge by way of mortgage of Borrower's all immovable properties, present and future." Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets including plant and machinery etc. Pledging of shares minimum of 51% Escrow account and all rights and titles and interest of borrowers rank parri-passu	9,85,269.77	6,86,707.09
Road and Airport (PPP)	"Secured, Considered Good: Right to receive annuity and toll collections of the project" Escrow account and all rights and titles and interest of borrower rank pari passu Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets.	9,88,137.40	7,52,948.90
Refinance	Unsecured, Considered Good	4,41,800.00	4,16,800.00
	TOTAL#	24,15,207.17	18,56,455.99

The above includes ₹ 5,23,151.06 lac (as on 31st March 2012 ₹ 53,174.43 lac) being amount of loans due within a year and overdue amount as on 31st March 2013 which are shown in Note 17.

Note 14: CURRENT INVESTMENTS

PARTICULARS	As at 31 st March 2013		As at 31 st March 2012	
	Number of Bonds	Face Value	Number of Bonds	Face Value
Investment in Bonds (Quoted) (Fully Paid)				
7.15% REC 2012	-	-	150	₹10 lac
TOTAL				1,500.00
Less: Provision for diminution in the value of Bonds		-		17.02
TOTAL CURRENT INVESTMENTS				1,482.98

Footnotes:

(a) Aggregate amount of quoted investments:		
Cost/Book Value	-	1,500.00
Market Value	-	1,482.98
(b) Aggregate amount of unquoted investments - Cost/Book Value	-	-
(c) Aggregate provision for diminution in value of investments i.e. bonds	-	17.02
(d) Refer Note 24 (A)(5) for valuation of individual investments.		

Note 15: TRADE RECEIVABLES

PARTICULARS	As at	
	31 st March 2013	31 st March 2012
Unsecured, considered good: (Due not exceeding six months)		
Processing fee recoverable	366.67	-
TOTAL	366.67	-

Note 16: CASH AND BANK BALANCES

S.No.	PARTICULARS	As at	
		31 st March 2013	31 st March 2012
(A) CASH AND CASH EQUIVALENTS			
(i) Balances with banks (See footnote below)		30,658.15	3,101.76
(ii) Cash on hand		0.34	0.32
(iii) Flexi Deposits with banks		4,300.70	3,387.20
SUB-TOTAL (A)		34,959.19	6,489.28
(B) OTHER BANK BALANCES			
(i) Earmarked balances with banks for unclaimed interest on bonds		1.38	1.38
(ii) Fixed Deposits with banks (Unencumbered)		3,55,950.18	4,08,338.84
(iii) Fixed Deposits with banks (Encumbered):			
(a) Held as security against Interest Payment of Bonds		50,000.00	10,065.00
(b) Earmarked for expenses Related to World Bank Grant		110.11	150.00
(c) Pledged to avail overdraft facility from banks		5,36,873.75	3,92,864.00
SUB-TOTAL (B)		9,42,935.42	8,11,419.22
TOTAL (A)+(B)		9,77,894.61	8,17,908.50

Footnote: This includes ₹ 27,244.20 Lac which was transferred from Escrow Accounts to the Public Issue Accounts of the company and the company is construed to be beneficiary in respect of these funds. However, the company was provided access to these funds after creation of security for the Bonds in April 2013.

Note 17: SHORT TERM LOANS & ADVANCES

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A) (I)	INFRASTRUCTURE LOANS (STANDARD ASSETS) (See footnote in Note 13)		
(i)	Direct lending	59,080.98	50,162.38
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	707.47	427.46
(iii)	Refinancing Scheme	4,41,800.00	-
(iv)	Takeout financing Scheme	18,313.07	2,584.59
(A) (II)	INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS) (See footnote in Note 13)		
(i)	Direct lending	3,129.19	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	120.35	-
	SUB-TOTAL (A)	5,23,151.06	53,174.43
(B)	Loans and advances to related parties (Unsecured, considered good)		
(i)	Expenses Incurred on behalf of subsidiary companies i.e. IIFCL Projects Ltd (₹ 45.14 lac) & IIFCL Asset Management Company Ltd (₹ 71.01 lac)	116.15	1.37
(ii)	Expenses Incurred on behalf of associate company i.e. Irrigation & Water Resources Finance Corporation	0.17	0.18
	SUB-TOTAL (B)	116.32	1.55
(C)	Others		
(I)	Secured, considered good		
	Loan to employees	20.72	1.74
(II)	Unsecured, considered good		
(i)	Security deposit	309.00	300.00
(ii)	Advances recoverable from employees	4.74	5.77
(iii)	Tax deducted at source	-	5.54
(iv)	Income Tax Recoverable	325.94	330.77
(v)	Service Tax Recoverable (CENVAT)	0.34	-
(vi)	Prepaid Expenses	49.98	11.57
(vii)	Other advances	4.81	14.21
	SUB-TOTAL (C)	715.53	669.60
	TOTAL (A)+(B)+(C)	5,23,982.91	53,845.58

Note 18: OTHER CURRENT ASSETS

		₹ in Lac	
S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A)	Interest accrued and due on loans and advances	18,863.02	4,936.37
	SUB-TOTAL (A)	18,863.02	4,936.37
(B)	Interest accrued but not due on:		
(i)	Fixed Deposits with Banks	42,642.95	52,175.90
(ii)	Bonds	207.98	279.60
(iii)	Government Securities	204.88	204.88
(iv)	Interest Rate Swaps (Net)	-	35.79
(v)	Loans & Advances	8,954.10	5,248.72
	SUB-TOTAL (B)	52,009.91	57,944.89
(C)	Others	93.87	-
	SUB-TOTAL (C)	93.87	-
	TOTAL (A)+(B)+(C)	70,966.80	62,881.26

Note 19: REVENUE FROM OPERATIONS

		₹ in Lac	
S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
(A)	Interest		
(i)	Interest on Loans and Advances under Direct Lending	1,92,277.88	1,40,697.27
(ii)	Interest on Loans under PMDO Scheme	1,219.87	830.17
(iii)	Interest on Loans and Advances under Refinancing Scheme	34,222.95	27,585.83
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	17,826.89	994.61
(v)	Penal Interest	625.97	42.84
(vi)	Interest earned on Certificate of Deposit	-	2,131.89
(vii)	Interest on Government Securities	1,273.70	1,273.70
(viii)	Interest on Bonds	599.93	672.49
(ix)	Interest on Deposits with Banks	76,938.85	78,403.13
	SUB-TOTAL (A)	3,24,986.04	2,52,631.93
(B)	Other Financial Services		
(i)	Upfront Fee	1,497.68	1,029.88
(ii)	Processing fee	731.82	-
(iii)	Pre-Payment Charges	34.78	231.38
(iv)	Commission Received	422.89	104.12
(v)	Commitment Charges	4.78	9.50
(vi)	Other Charges	224.00	35.87
	SUB-TOTAL (B)	2,915.95	1,410.75
	TOTAL (A) + (B)	3,27,901.99	2,54,042.68

Note 20: OTHER INCOME

		₹ in Lac	
S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
	Other Non-Operating Income		
(i)	Gain on Swap Deals	550.74	-
(ii)	Grants received	154.26	285.20
(iii)	Amounts/ Provisions written back	114.10	100.18
(iv)	Miscellaneous Income	22.44	31.58
	TOTAL	841.54	416.96

Note 21: FINANCE COSTS

		₹ in Lac	
S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
(A)	Interest Expense:		
(i)	Interest on Bonds & Debentures	1,16,871.82	1,03,790.76
	Less: Interest Saving on Bonds	(89.82)	(125.95)
(ii)	Interest on Bank Borrowings	3,049.11	3,746.33
(iii)	Interest on Bonds Application Money	710.02	-
(iv)	Interest on loan from NSSF	13,500.00	13,500.00
(v)	Interest on loan from LIC	16,458.30	8,583.45
(vi)	Interest on loan from ADB	3,929.03	1,953.69
(vii)	Interest due to net settlement of swap transactions on ADB Loan	20,558.32	19,062.13
(viii)	Interest on loan from IBRD (World Bank)	92.46	61.21
(ix)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	521.20	524.26
(x)	Interest on loan from KFW	758.59	691.32
(xi)	Interest due to net settlement of swap transactions on KFW Loan	523.44	566.27
	SUB-TOTAL (A)	1,76,882.47	1,52,353.47
(B)	Other Borrowing Costs:		
(i)	Guarantee Fees to Govt. of India	5,500.08	4,845.86
(ii)	Commitment charges	186.08	175.48
(iii)	Bond Servicing Expenses	130.54	124.65
(iv)	Bond Issue Expenses [See note 24(B)(18)(5)]	1,251.66	10.20
	SUB-TOTAL (B)	7,068.36	5,156.19
(C)	Net loss on foreign currency transactions and translations	3,652.25	795.82
	SUB-TOTAL (C)	3,652.25	795.82
	TOTAL (A) + (B) + (C)	1,87,603.08	1,58,305.48

Note 22: EMPLOYEE BENEFITS EXPENSE

		₹ in Lac	
S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
(i)	Salaries and Wages	561.08	548.30
(ii)	Contribution to provident and other funds	71.22	100.08
(iii)	Staff Welfare Expenses	186.70	193.24
	TOTAL	819.00	841.62

Note 23: OTHER EXPENSES

		₹ in Lac	
S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
(i)	Power and Fuel	8.22	6.73
(ii)	Lease Rent	720.42	840.38
(iii)	Insurance	1.90	1.40
(iv)	Professional Fees	162.45	260.77
(v)	Rates and Taxes	40.96	56.31
(vi)	Interest on income tax	95.39	141.16
(vii)	Amortization of Premium Paid on non-current securities	24.20	24.28
(viii)	Provision for diminution in the value of Investments	-	97.21
(ix)	Net loss on foreign currency transactions and translations	554.32	466.57
(x)	Loan Amount Written Off	75.81	-
(xi)	Establishment and Other Expenses [See note 24(B)(18)]	852.31	660.47
	TOTAL	2,535.98	2,555.28

Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH 2013

(A) SIGNIFICANT ACCOUNTING POLICIES

1. The Financial accounts have been prepared on a going concern basis with accrual concept and in accordance with accounting policies and practices consistently followed unless otherwise stated.

2. RECOGNITION OF INCOME / EXPENDITURE

- 2.1. Up-front fee income on loans granted is considered as income on accrual basis in cases where loan documents have been signed on allocated amount. However, Upfront fee (Non-refundable) received from project companies after in-principle sanction of loans to prospective borrowers is considered as income on realization basis.

Further, upfront fee expenses in respect of loans sanctioned to the company is considered as expense on accrual basis, where loan documents have been executed.

- 2.2. Commitment charges on loans taken by the company are accounted for as expense when draw down of loan is less than sanctioned amount of loan as per the Loan agreement.
- 2.3. Recoveries in borrower's accounts are appropriated as per the loan agreements.
- 2.4. Dividend is accounted on an accrual basis when right to receive the dividend is established.
- 2.5. Income from investment in schemes of growth of mutual funds is accounted for on the basis of actual instance of sale.
- 2.6. Prior period income/ expense of ₹5000/- or below is charged to their regular heads of account.
- 2.7. Expenditure incurred in raising of bonds is charged to the statement of Profit and Loss in the year of allotment of bonds.
- 2.8. Expenses incurred under Corporate Social Responsibility (CSR) policy during the financial year is charged to revenue and equivalent amount is transferred from Corporate Social Responsibility Reserve and transferred the balance to statement of profit & loss.

3. LOAN ASSETS

The company has adopted norms for income-recognition, asset classification and provisioning applicable to Non-Banking Financial Companies-Infrastructure Finance Company (NBFC-IFC) as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The salient features of these norms are as under:

3.1 Income Recognition

- a. Interest is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- b. Income including interest/discount or any other charges on Non-Performing Assets (NPA) is recognized only when it is actually realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

3.2 "Non-Performing Asset" means:

- a. An asset, in respect of which interest has remained overdue for a period of six months or more.
- b. A term loan inclusive of unpaid interest, when the installment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more.

3.3 Asset Classification

All advances are classified as:-

- a. "Standard assets" means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

- b. "Sub-standard assets" means an asset which has been classified as non-performing asset for a period not exceeding 18 months.
- c. "Doubtful asset" means a term loan or any other asset which remains sub-standard asset for a period of exceeding 18 months.
- d. "Loss Asset" means:
 - (i) an asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
 - (ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

3.4 Provisioning

- (i) **Standard Assets:** General Provision is made at 0.25% of outstanding amount of loans, including on interest accrued but not due at the year end.
- (ii) **Sub-standard assets:** A general provision of 10 percent of total outstanding amount is made.
- (iii) **Doubtful assets:-**
 - (a) 100 percent provision to the extent to which the advance is not covered by the realizable value of the security to which the company has a valid recourse is made.
 - (b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 percent to 50 percent of secured portion i.e. estimated realizable value of the outstanding is made on the following basis:

Period for which the asset has been considered as doubtful	Percentage of provision
Up to one year	20
One to three years	30
More than three years	50

- (iv) **Loss Assets**
The entire asset is written off, if the assets are permitted to remain in the books for any reason, 100 percent of the out standing is provided for.

3.5 Restructured loan Assets

- a. Loans are subjected to restructuring and/or rescheduling and/or renegotiation of terms under the following stages:
 - (a) before commencement of commercial production;
 - (b) after commencement of commercial production but before the asset has been classified as sub-standard;
 - (c) after commencement of commercial production and the asset has been classified as sub-standard.
- b. **Treatment of restructured loans**
 - (i) **Standard loan:** The rescheduling or restructuring or renegotiation of the installments of principal alone, at any of the aforesaid first two stages does not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors.
Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages does not cause an asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest, is either written off or 100 percent provision is made there against.
 - (ii) **Sub-standard asset:** A sub-standard asset continues to remain in the same category in case of

restructuring or rescheduling or renegotiation of the installments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest, is written off or 100 percent provision made there against.

- (iii) **Adjustment of interest:** Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment is computed by taking the difference between the rate of interest as currently applicable to infrastructure loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.
- (iv) Where the asset is partly secured, a provision to the extent of shortfall in the security available, is made while restructuring and/ or rescheduling and/ or renegotiation of the loans, apart from the provision required on present value basis and as per prudential norms.

In line with the Reserve bank of India decision vide letter DBOD.BP.BC. No 83/08.12.014/2012-13 dated 18th March 2013 addressed to commercial banks regarding prudential norms on advances to Infrastructure Sector, in case of PPP projects, the debts due to the company are considered as secured to the extent assured by the project authority in terms of the Concession Agreement, subject to (a) User charges/toll/tariff payments are kept in an escrow account where senior lenders have priority over withdrawals by the concessionaire; (b) There is sufficient risk mitigation, such as pre-determined increase in user charges or increase in concession period, in case project revenues are lower than anticipated; (c) The lenders have a right of substitution in case of concessionaire default; (d) The lenders have a right to trigger termination in case of default in debt service; and (e) Upon termination, the Project Authority has an obligation of (i) compulsory buy-out and (ii) repayment of debt due in a pre-determined manner.

4. TAXES ON INCOME

- 4.1 Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/appeals and on the basis of changes adopted by the company in accounting policies & estimates.
- 4.2 Deferred tax is recognized on timing differences between the accounting income and the taxable income for the period, and quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date.
- 4.3 Deferred tax assets are recognized and reassessed at each reporting date and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

5. INVESTMENTS

5.1 Non- Current Investments

- a. Unquoted Investments: Equity shares in subsidiary companies, associate company and Venture Capital Units are carried at cost.
- b. Unquoted investments in Government securities: Each scrip is carried at its acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis.
- c. Quoted Bonds: Bonds are carried at acquisition cost or lower of book value or market/ fair value in case of inter class transfer. The excess over face value from date of acquisition/ transfer is amortized over the remaining maturity period of the security on constant yield basis.

5.2 Current Investments

- a. Quoted Bonds – Each scrip is revalued at the market price or fair value based on yield to maturity method and

only the net depreciation is provided for and net appreciation, if any, is ignored.

- b. Mutual Funds – valued at lower of cost or net asset value at the year end.
- c. Certificate of deposits – valued at cost. The difference between face value and cost is recognized as income over the remaining maturity period of certificate of deposit on constant yield basis and is added to the value of certificate of deposit.

5.3 Inter-Class Transfer of investments

The inter-class transfer, if warranted is effected with approval of the Board and in such case investments is transferred scrip wise from current to non-current at book value or market/ fair value, whichever is lower.

6. FOREIGN EXCHANGE TRANSACTIONS

- 6.1. Expenses and income in foreign currency are accounted for at the exchange rates prevailing on the date of transactions.
- 6.2. The following balances are translated in Indian currency at the exchange rates prevailing on the date of closure of accounts:
 - a. Foreign Currency Loan liability to the extent not hedged, and Loan granted in foreign currency.
 - b. Incomes or Expenses accrued but not due on foreign currency loans granted and foreign currency borrowings respectively.
 - c. Contingent Liability in respect of Letter of Credit issued in foreign currency.
- 6.3 (a) Foreign Currency Loan liability, to the extent hedged is translated in Indian currency at the spot exchange rates prevailing on the date of hedging transactions.
 - (b) The difference in foreign currency loan amount translated at spot exchange rate prevailing on time of hedging and on the date of repayment of loan is recognized as gain or loss in the year of repayment.
- 6.4. The actual/translation gain/loss (net) on foreign currency loan assets, liabilities and income & expenditure accrued/accrued but not due are credited/charged to the statement of profit and loss.

7. ACCOUNTING FOR REVENUE GRANTS

- 7.1. Grants are recognized in the Statement of Profit and Loss as 'other income' on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate provided there is reasonable assurance of compliance of the terms attached with the sanction and of realization of amount of grants.
- 7.2. Grants received in respect of expenditure already incurred in prior periods are recognized in the Statement of Profit & Loss in the year of approval of grant.
- 7.3. The unspent amount of grant at the year end, if any, is shown under Current Liabilities.

8. FIXED ASSETS AND DEPRECIATION

- 8.1. Fixed assets are carried at cost less accumulated depreciation.
- 8.2. The gross value of fixed assets is reduced by amount of grants received for acquiring these assets. The grant is thus recognized in the Statement of Profit and Loss over the useful life of a depreciable asset by way of a reduced depreciation charge.
- 8.3. The additions to fixed assets are capitalized on the approval of bills/invoices.
- 8.4. Depreciation of fixed assets is provided at the rates and manner provided in Schedule XIV of the Companies Act, 1956 following written down value method. Depreciation on individual assets having cost ₹ 5000/- or less is charged at 100% as prescribed in the aforesaid schedule.
- 8.5. Permanent improvement in leasehold premises is depreciated over the remaining lease term or its useful life, whichever is shorter.

- 8.6 An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These assets are amortized over a period of 4 years.

9. RETIREMENT BENEFITS

- 9.1. The contribution towards Provident Fund deducted from remuneration of employees and employer contribution thereon is deposited with Regional Provident Fund Commissioner (RPFO).
- 9.2. The employee benefits obligations i.e., leave encasement, sick leave and leave travel concession, has been provided for the period up to date of reporting on the actuarial valuation of same.
- 9.3. Gratuity has been provided on the basis of amount payable to LIC on Group Gratuity Scheme through trust in the name of IIFCL Employees Group Gratuity Fund.

10. ACCOUNTING FOR OPERATING LEASES

Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

11. DERIVATIVE ACCOUNTING

- 11.1 Wherever the company has entered into forward contract or an instrument i.e., in substance of a forward exchange contract, the difference between the forward rate and the exchange rate on the date of forward exchange contract is recognized as income or expenses over the life of the contract as per AS-11.
- 11.2. Hedging taken on foreign currency loans is adjusted on FIFO basis after adjusting for the Loans given in foreign currency (i.e. natural hedge).
- 11.3. The accounting of the derivative transactions is as under:-
- Interest Rate Swap which hedges interest bearing assets or liability is accounted for like the hedge of the asset or liability.
 - The swap that is accounted for like a hedge is accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability.
- 11.4 The surplus or deficit on account of difference in spot exchange rate at the inception of forward contract and repayment of underlying foreign currency loan obligation recovered from or paid to counter party respectively as per the hedging contract is recognized as gain or loss at the time of repayment of such loan.
- 11.5. Any profit or loss arising on cancellation or renewal of forward exchange contracts including interest rate swaps is recognized as income or as expense for the year.
- 11.6. In respect of interest rate swap transactions in JPY Yen entered by the company, the company is providing mark to market loss as on Balance Sheet Date.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is made for liabilities arising from transactions and events whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the note of contingent liability on the basis of judgment of the management/independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

24.(B) OTHER NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH 2013

₹ in lac

		As at 31 st March 2013	As at 31 st March 2012
1.	(a) Estimated amount of contracts remaining to be executed on capital account (net of advances)	341.44	Nil
	(b) Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	144.68	Nil
	(c) Undertaking to subscribe equity share capital of following companies as subscriber to their Memorandum of Association		
	(i) IIFCL Projects Ltd. registered on 14 th February 2012 (1 lac equity shares of ₹ 10 each)	Nil	10.00
	(ii) IIFCL Asset Management Company Ltd. registered on 28 th March 2012 (1 lac equity shares of ₹ 10 each)	Nil	10.00
	(d) Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	2,900.93	3,955.41
	(e) Letter of Comfort for issue of Letter of Credit (LC)	15,488.17	30,032.14
	The company has issued letters of comfort to respective lead banks in the consortium of lenders for issuing LC on behalf of respective borrowers for subsequently releasing the amount of LC towards disbursement of sanctioned loan assistance.		
	(f) In respect of cess on turnover or gross receipt of company u/s 441A of Companies Act, 1956, to be levied @ not less than 0.005% and not more than 0.1% on the value of the annual turnover or gross receipt whichever is higher, no provision has been made, as the cess rate & the date from which it is applicable has not been notified so far by the Govt. Though no such notification has been issued so far, the Company may have to pay cess minimum of ₹50.84 lac and maximum of ₹ 1,016.79 lac, if levied from the financial year 2005-06 being the year in which company was incorporated.		
	(g) The guarantee document, for providing partial credit enhancement guarantee of 24% of proposed bond issue of project company amounting to a maximum of ₹ 320 crore with GMR Jadcherla Expressway Limited under Credit Enhancement Scheme by IIFCL, was executed on 16 th January, 2013. However, the credit enhancement obligation would commence from the date of issue of bonds which are yet to be issued.		

2. (a) Expenditure in foreign currency during the financial period on account of interest and other matters:

₹ in Lac

PARTICULARS	For Year Ended 31 st March 2013	For Year Ended 31 st March 2012
Expenditure in Foreign Currencies (Actual outgo)		
- Interest on borrowings	4,808.52	1,983.15
- Commitment Charges	174.76	175.47
- Foreign Traveling	23.45	28.26
- Other Expenses	46.91	64.99
TOTAL	5,053.64	2,251.87

(b) Earnings in foreign currency (Actual Receipt excluding interest received under IRS derivative contracts):

₹ in Lac

PARTICULARS	For Year Ended 31 st March 2013	For Year Ended 31 st March 2012
- Interest	203.91	162.85
- Grants Received	113.00	212.69
- Dividend Received	16,627.50	-
TOTAL	16,944.41	375.54

3. The Company's main business is to provide finance/ refinance for Infrastructure Projects and the company does not have more than one reportable segment in terms of Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

4. (i) **Disclosures of Related Parties and related party transactions:**

A) Managerial Remuneration and related party disclosure

i) Key Managerial Personnel

- Shri S.K.Goel - Chairman and Managing Director
(Tenure from 24th June 2010)
- Shri Harsh Kumar Bhanwala - Executive Director
(Tenure from 25th October 2012)

ii) Wholly owned Subsidiary Companies: (a) India Infrastructure Finance Company (UK) Limited
(b) IIFCL Projects Ltd.and
(c) IIFCL Asset Management Company Ltd.

iii) Associate Companies: a) Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC)

(Company held 41 lac equity shares of ₹ 10 each as on 31st March 2013, which comprised 41% of equity shares capital of DMICDC as on that date.)

The Board of Directors of DMICDC in its meeting held on 28th March 2013 has recommended the preferential allotment of 900 lac Equity Shares of ₹ 10/- each at par, in one or more tranches, aggregating to ₹ 9,000 lac on the terms & conditions of allotment to the Government of India (441 lac Equity Shares of ₹ 10/- each at par aggregating to ₹ 4,410 lac), Japan Bank for International Cooperation (JBIC) (260 lac Equity Shares of ₹ 10/- each at par aggregating to ₹ 2,600 lac) and Housing and Urban Development Corporation Limited (HUDCO) (199 lac Equity Shares of ₹ 10/- each at par aggregating to ₹ 1,990 lac) followed which the proposal is also authorized in Extra-ordinary General meeting of DMICDC held on 28th March 2013. Consequent upon allotment of these equity shares, holding of IIFCL in equity share capital of DMICDC would reduce to 4.1% i.e. 41 lac Equity Shares of ₹ 10/- each at par aggregating to ₹ 441 lac.

(b) Irrigation and Water Resources Finance Corporation Limited (IWRFL) (Chairman and Managing Director of the company also holds additional charge as Chairman & Managing Director of IWRFL w.e.f. 22nd March 2012)

B) Transactions during the year ended 31st March 2013 (Previous year ended 31st March, 2012) with related parties:

S.No.	Particulars	Amount
a)	Managerial Remuneration	
	(i) Shri S.K.Goel (Chairman and Managing Director)	
	Remuneration	₹ 34.51 lac (₹32.27 lac during year ended 31 st March 2012)
	Perquisites	₹1.50 lac (₹ 1.61 lac during year ended 31 st March 2012)
	Provision for Performance linked incentive	₹11.85 lac includes ₹ 1.85 lac for previous year (₹8.15 lac during year ended 31 st March 2012)
	Leave encashment, PF & Gratuity	₹ 5.43 lac (₹ 3.73 lac during year ended 31 st March 2012)
	(ii) Shri Harsh Kumar Bhanwala (Executive Director)	
	Remuneration	₹8.92 lac (Nil during year ended 31 st March 2012)
	Perquisites	₹ 0.13 lac (Nil during year ended 31 st March 2012)
	Provision for Performance linked incentive	₹ 3.38 lac (Nil during year ended 31 st March 2012)
	Leave encashment, PF & Gratuity	₹ 1.84 lac (Nil during year ended 31 st March 2012)
	(iii) Shri Pradeep Kumar (Ex Chief Executive Officer)	
	Remuneration	Nil (₹ 12.99 lac during year ended 31 st March 2012)
	Perquisites	Nil (₹ 0.19 lac during year ended 31 st March 2012)
	Provision for Performance linked incentive	₹ 3.12 lac for previous year (₹ 5.00 lac during year ended 31 st March 2012)
	Leave encasement & Pension	Nil (₹ 6.18 lac during year ended 31 st March 2012)

b)	Investment in equity shares	
i)	IIFCL Projects Ltd.	₹ 50.00 lac (Nil during year ended 31 st March 2012)
ii)	IIFCL Asset Management Company Ltd	₹ 1,250.00 lac (Nil during year ended 31 st March 2012)
iii)	Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC)	Nil (₹ 411.03 lac during year ended 31 st March 2012)
c)	Rent received/ recoverable from subsidiaries/ associate companies:	
i)	IIFCL Projects Ltd.	₹ 30.89 lac (Nil during year ended 31 st March 2012)
ii)	IIFCL Asset Management Company Ltd	₹ 23.63 lac (Nil during year ended 31 st March 2012)
iii)	Irrigation and Water Resources Finance Corporation Limited	₹ 40.23 lac (₹ Nil during year ended 31 st March 2012)
(d)	Expenses recovered/recoverable from associate companies:	
i)	Irrigation and Water Resources Finance Corporation Limited	₹ 19.59 lac (₹ 0.18 lac during year ended 31 st March 2012)
(e)	Amounts recovered/recoverable from subsidiaries:	
i)	IIFCL Projects Ltd.	₹ 15.01 lac (₹ 1.06 lac during year ended 31 st March 2012)
ii)	IIFCL Asset Management Company Ltd	₹ 47.07 lac (₹ 0.31 lac during year ended 31 st March 2012)

C) Balances outstanding

₹ in Lac

S. No.	PARTICULARS	As at 31st March 2013	As at 31st March 2012
A)	Remuneration & other benefits		
	Key Managerial Person		
	Provision for Performance Linked Incentive to Whole time Directors	35.38	33.15
	Leave Encasement (provision)	13.26	10.75
	Gratuity (provision)	3.78	3.20
	Provident fund	0.32	29.52
	Pension and Leave Encasement contribution payable	-	0.54
B)	Investment in equity shares:		
i)	Wholly owned subsidiaries:		
(a)	IIFC (UK) Ltd.	23,394.80	23,394.80
(b)	IIFCL Projects Ltd.	50.00	Nil
(c)	IIFCL Asset Management Company Ltd	1,250.00	Nil
ii)	Associate		
	Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC)*	411.03	411.03
C)	Amount /Rent recoverable from subsidiaries/ associate		
(a)	IIFCL Projects Ltd.	45.14	1.06
(b)	IIFCL Asset Management Company Ltd	71.01	0.31
(c)	Irrigation and Water Resources Finance Corporation Limited	0.17	0.18

*Includes expenses capitalized ₹ 1.03 lac.

5. Investment in Venture Capital Units

During the year ended 31st March 2013, the company has invested ₹ 1054.48 lac (₹ 1,753.59 lac during year ended 31st March 2012) in Venture Capital Units of IDFC Project Equity Domestic Investors Trust II promoted by the company along with IDFC, Citibank (cumulative amount of investment by the company is ₹ 7099.07 lac). Out of total commitment of ₹ 1,00,000 lac, the company has contributed as investor in the venture and does not have joint control. Since there is no distributable profit in the fund, no income is accounted for, in the books of accounts in relation to such investments. However, the company has received during the current year a sum of ₹ 522.10 lac (₹ 172 lac during year ended 31st March 2012) including tax paid ₹ 33.14 lac (₹ 12.32 lac during year ended 31st March 2012) in respect of redemption of venture capital units.

6. (a) Disclosure under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets (AS-29)"

₹ in Lac

PARTICULARS	For the Year Ended 31 st March 2013	For the Year Ended 31 st March 2012
(i) Income Tax (Net)		
Opening Balance	120.09	565.29
Addition during the period	39,902.45	24,698.30
Excess Provision written back during the period	-	456.44
Amount paid/adjusted during the period	39,102.84	24,687.06
Closing Balance	919.70	120.09
(ii) Interest on Income Tax		
Opening Balance	45.37	83.00
Addition during the period	95.39	45.37
Excess Provision written back during the period	39.06	44.70
Amount paid/adjusted during the period	10.38	38.30
Closing Balance	91.38	45.37
(iii) Wage Revision (See note 24 (B) (15))		
Opening Balance	-	72.56
Addition during the period	37.29	135.90
Amount Paid/ Transferred to current liabilities	-	208.46
Closing Balance	37.29	-
(iv) Leave Fare Concession		
Opening Balance	8.44	5.58
Addition during the period	26.67	18.47
Amount paid/adjusted during the period	26.21	15.61
Closing Balance	8.90	8.44
(v) Leave Encasement		
Opening Balance	33.00	17.69
Addition during the period	41.57	23.50
Amount paid/adjusted during the period	7.36	8.19
Closing Balance	67.21	33.00
(vi) Sick Leave		
Opening Balance	9.89	6.17
Addition during the period	15.51	3.72
Amount paid/adjusted during the period	-	-
Closing Balance	25.40	9.89
(vii) Performance Linked Incentive to Whole Time Directors		
Opening Balance	33.15	20.00
Addition during the period	18.35	13.15
Amount paid/adjusted during the period	-	-
Closing Balance	51.50	33.15
(viii) Marked to Market Losses on Derivatives		
Opening Balance	6,654.76	5,199.06
Addition during the period	(974.01)	1,455.70
Amount paid/adjusted during the period	-	-
Closing Balance	5,680.75	6,654.76
(ix) Contingent Provision for Standard Assets		
Opening Balance	4,666.60	-
Addition during the period	1,381.91	4,666.60
Closing Balance	6,048.51	4,666.60
(x) Provision for Sub-standard Assets		
Opening Balance	-	-
Addition during the period	2,361.92	-
Closing Balance	2,361.92	-

(xi) Provision for Standard Restructured Loan Assets		
Opening Balance	-	-
Addition during the period	176.94	-
Closing Balance	176.94	-

(b) Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits" (AS-15)

- 1.1) In respect of employees of the company based on actuarial valuation of liability
i) Expenses recognized in the Statement of Profit and Loss.

₹ in Lac

PARTICULARS	Leave encashment	Leave concession	Sick leave
Current Service Cost	21.95	4.59	10.40
Interest cost on benefit obligation	1.78	0.68	0.79
Expected return on plan assets	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	15.31	21.39	4.33
Expenses recognized in Statement of Profit and Loss	39.04	26.65	15.52

N.A. denotes not available during the period

- ii) The amount recognized in the Balance Sheet

₹ in Lac

PARTICULARS	Leave encashment	Leave concession	Sick leave
Present value of obligation as at 31/03/2013 (i)	53.94	8.90	25.40
Fair value of plan assets as at 31/03/2013 (ii)	Nil	Nil	Nil
Difference (ii) – (i)	(53.94)	(8.90)	(25.40)
Net Asset/(Liability) recognized in the Balance Sheet	(53.94)	(8.90)	(25.40)

- iii) Change in the Present Value of the defined benefit obligation

₹ in Lac

PARTICULARS	Leave encashment	Leave concession	Sick leave
Present value of obligation as at 01.04.2012	22.26	8.44	9.89
Interest Cost	1.78	0.68	0.79
Current Service Cost	21.95	4.58	10.40
Benefits paid	(7.36)	(26.19)	-
Net actuarial (gain)/loss on obligation	15.31	21.39	4.33
Present value of the defined benefit obligation as at 31/03/2013	53.94	8.90	25.40

N.A. denotes not available.

- iv) The actuarial valuation of liability as on 31st March 2013 in respect of defined retirement and other benefits were made based on following assumptions:

Mortality rate #	LIC (1994-96)		
Withdrawal rate #	Up to 30 years	3%	
	31 st year to 44 years	2%	
	Above 44 years	1%	
Discount rate (p.a.) #	8.00%		
Salary escalation #	6%		

LIC has determined liability towards contribution of gratuity scheme of IIFCL employees considering withdrawal rate of 1% to 3% depending on age, discount rate of 8% p.a. and salary escalation of 6% p.a. (previous year 6% p.a.)

1.2) In respect of Chairman & Managing Director & Executive Director.:

₹ in lac

	Gratuity	Leave encashment	Leave fare concession
Expenses recognized in Statement of Profit and Loss	0.58	2.52	-
Amount recognized in Balance Sheet	3.78	13.26	-

7. In terms of Accounting Standard 20 issued by the Institute of Chartered Accountants of India, Earning per share (Basic & Diluted) is worked out as under:

₹ in lac

Particulars	For the Year ended 31.03.13		For the Year ended 31.03.13	
	Amount ₹ in lac	Shares	Amount ₹ in lac	Shares
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No.in lac)		29,000		25,000
Net Profit (after tax)	1,04,699.44		58,582.76	
Earning Per Share(Not Annualized) (₹)	3.79		2.84	

EPS for the current period has been calculated on weighted average number of equity shares of 27,641.10 lac (Previous period 20,642.08 lac)

8. a. In terms of Accounting Standard -22 on "Accounting for Taxes on Income", income tax expense for the current period is determined on the basis of taxable income and the tax credit computed in accordance with the provisions of the Income Tax Act 1961 and based on expected outcome of assessments / appeals and also on the basis of changes adopted by the company in Accounting estimates during the current financial year having effect on deferred tax asset/liability.

Deferred tax liability or asset is recognized on timing differences which is reversible between the accounting income and the taxable income for the year and quantified using the tax rates and provisions, enacted or subsequently enacted as on balance sheet date.

Deferred tax assets if any, are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

b. During the year, the company has created net deferred tax liability of ₹ 6,828.40 lac (net deferred tax liability of ₹ 3,628.80 lac created during year ended 31st March 2012).

9. Based on information available with the company, there are no suppliers/service providers who are registered as Micro, Small and Medium undertakings under "The Micro, Small and Medium Enterprises Development Act 2006" as on 31st March, 2013. Hence the company has no outstanding liability towards Micro, Small and Medium Enterprises.

10. Fixed assets possessed by the company are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by Accounting Standard-28 on "Impairment of Assets". As on 31st March, 2013, there were no events or change in circumstances, which indicate any impairment in the assets.

11. **Derivative Transactions**

a) During the year 2007-08, the company had entered into two interest rate swap (IRS) transactions of notional principal amounts of ₹ 5000 lac each (equivalent to notional principal of JPY 27,323.62 lac) which will mature on 19th December 2022. According to these IRS deals, the company will pay interest @ 7.46% p.a. on JPY notional amount (wherein coupon payments remains fixed for 5 years at the rate of 1JPY= ₹ 0.3658 in one deal and 1JPY= ₹ 0.3662 in second deal) and receive interest @ 8.82% p.a. on ₹ notional principal amounts. The company has provided for entire Mark-to-market loss, as computed by the counter party banks and confirmed by other valuer, on the above swap transactions amounting to ₹ 5,680.75 lac as at 31st March 2013 (₹ 6,654.76 lac as at 31st March

2012) which includes profit by way of write back of provision of ₹ 974.01 lac for the year ended 31st March 2013 (loss of ₹ 1,455.70 lac for year ended 31st March 2012)

- b) The company has undertaken composite contracts i.e. Interest Rate Swap cum forward exchange contracts to hedge risks relating to floating interest rates as well as foreign exchange fluctuations on foreign currency borrowings from multilateral institutions as under.

Institution	Amount of composite contracts i.e. Interest Rate Swap cum forward exchange contracts#
Asian Development Bank (ADB)	
31 st March 2013 (31 st March 2012)	USD 8,002.74 lac (USD 7,572.87 lac)
31 st March 2013 (31 st March 2012)	₹ 3,69,711.27 lac (₹ 347,238.72 lac)
Kreditanstalt für Wiederaufbau (KfW)	
31 st March 2013 (31 st March 2012)	Euro 254.74 lacs (Euro 254.74 lacs)
31 st March 2013 (31 st March 2012)	₹ 15,562.94 lac (₹ 15,562.94 lac)
IBRD World Bank	
31 st March 2013 (31 st March 2012)	USD 194.88 lac (USD 194.88 lac)
31 st March 2013 (31 st March 2012)	₹ 8,657.36 lac (₹ 8,657.36 lac)

As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above composite contracts, the net M2M gain as on 31st March 2013 amounts to ₹ 70,689.36 lac (Gross gain of ₹ 70,689.36 lac less Gross loss Nil) and M2M gain as on 31st March 2012 amounted to ₹ 37,926.83 lac (Gross gain of ₹ 38,082.87 lac less Gross loss ₹ 156.04 lac).

The M2M losses, if any, on Interest Rate Swaps (IRS) is not being accounted for in the books of accounts as the underlying liability designated with swap is also not carried at lower of cost or market value in the financial statements and the M2M loss relating only to IRS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into composite contracts for hedging and the interest payable to counter-parties also includes amount of premium, if any, which has not been mentioned/ identified separately in the composite contracts.

During the financial year ended 31st March 2012, the company has also sought the opinion of Expert Advisory Committee of the Institute of Chartered accountants of India to advice on the correct accounting treatment to be followed by the company in this regard which is awaited.

(c) Unhedged position of foreign currency loans is as under:

Institution	Amount of composite contracts i.e. Interest Rate Swap cum forward exchange contracts#
Asian Development Bank (ADB)	
31 st March 2013 (31 st March 2012)	USD 2,464.64 lac (USD 954.28 lac)
31 st March 2013 (31 st March 2012)	₹ 1,34,049.85 lac (₹ 48,817.80 lac)
Kreditanstalt für Wiederaufbau (KfW)	
31 st March 2013 (31 st March 2012)	Euro 40.38 lac (Euro 27.75 lac)
31 st March 2013 (31 st March 2012)	₹ 2,808.41 lac (₹ 1,896.48 lac)
IBRD World Bank	
31 st March 2013 (31 st March 2012)	USD 34.47 lac (USD 34.47 lac)
31 st March 2013 (31 st March 2012)	₹ 1,875.06 lac (₹ 1,763.61 lac)

Unhedged amount of foreign currency loan from ADB includes USD 163.33 lac i.e ₹ 8,883.38 lac (USD 179.98 lac i.e ₹ 9,207.15 lac as on 31st March 2012) being foreign currency loan given to a borrower in India to the extent of which risk of foreign currency exchange rate fluctuation is hedged naturally.

12. Creation of Bond Redemption Reserve

- a) **In respect of privately placed bonds:** Since the company is notified as Public financial institution within the meaning of Section 4A of Companies Act 1956 vide notification no S.O.143(E)(F.NO.3/5/2008) Dated 14th January 2009 of Central Government, it is not required to create Bond Redemption Reserve in respect of private placed bonds as per circular no 04/2013 issued by Ministry of Corporate Affairs, Government of India dated 11th February 2013.
- b) **In respect of publicly placed bonds:** The company issued 315.63 lac (Previous year 9.09 lac) Long Term Infrastructure Bonds of the face value of ₹1000 each aggregating ₹ 3,15,631.89 lac during the financial year ended 31st March 2013 (₹ 9,096.18 lac during the financial year ended 31st March 2012) through public issue.

As per the circular no 04/2013 dated 11th February 2013 issued by Ministry of Company Affairs, Government of India requiring the financial institution within the meaning of section 4A of the Companies Act, 1956 to create Debenture Redemption Reserve equal to 25% of the value of debentures issued through public issue, the company has created bond redemption reserve of ₹ 1,856.02 lac up to 31st March 2013 (₹ 882.90 lac up to 31st March 2012 as per circular no.9/2002 dated 18th April 2002).

13. As per the disclosure requirements contained in the listing agreement with Stock exchange, it is stated that the company has not given any loans and advances in the nature of loans to Individuals, associates and to firms/companies in which directors are interested except for advances to Subsidiary, Associates shown in note 24(B)(4)(C). Further, no loan (borrower) has made any investment in the shares of the company or its subsidiary. However, the company has given term loans amounting to ₹ 19,45,403.06 lac as on 31st March 2013 (₹ 14,39,655.99 lac as on 31st March 2012 which are repayable beyond seven years).
14. As per Accounting Standard-11 (AS-11) i.e. The effects of changes in Foreign Exchange Rates, foreign currency loan taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and differences should be taken to statement of profit and loss whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to statement of profit and loss as stated in Accounting Policy mentioned at note 24(A)(6.3)(a). In view of the above, loan liability and foreign currency receivable account as on 31st March 2013 would have been higher by

₹ 69,646.50 lac (higher by ₹ 43,320.36 lac as on 31st March, 2012). However, there would be no impact on the profit for the year as loss on account of increase in foreign currency borrowings due to adverse fluctuation in foreign currency exchange rate is fully offset due to gain on principal amount of borrowings hedged by the company (see note 24 (A) (6.3) (b)).

15. The pay revision of the employees of the company is due w.e.f. 1st November 2012. Pending revision of pay, a provision of ₹ 37.29 lac has been made for the period 1st November 2012 to 31st March 2013 on estimated basis taking base of 24% increase in last revision made from 1st November 2007 for next 5 years.
16. (a) As per the Office Memorandum of Government of India dated 23rd April, 2007, the company was regulated directly by the Government of India and under a "sui-generis" regulatory regime. Accordingly, an Oversight Committee was constituted by the Government of India. Consequent upon Union Cabinet approval in its meeting held on 13th October 2011 to bring the Company under regulatory oversight of Reserve Bank of India by registering it as a Non-Banking Finance Company-Infrastructure Finance Company (NBFC-IFC) conveyed by Department of Financial Services, Ministry of Finance vide letter date 24th October 2011, the company is required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23rd January 2012 has requested the Reserve Bank of India to create a special category of NBFC-IFC which are wholly owned by Government and whose borrowings are backed by sovereign guarantee and such NBFCs be subjected to far lower Capital to Risk Weighted Asset Ratio (CRAR) than normal NBFC. In this regard, Department of Financial Services, Ministry of Finance, Government of India vide email dated 9th October 2012 has informed that Reserve Bank of India is not in favour of creation of separate category of NBFC based on ownership. Accordingly, IIFCL has made request to Reserve Bank of India for registration as NBFC-IFC on 7th March 2013. Information/documents sought by vide letter dated 15th March 2013 has been furnished by the company and the matter is pending.
- (b) Prudential norms issued by RBI for NBFC-IFC do not apply to Company, being a Government owned company. On registration as an NBFC-IFC, the company, being a Govt. owned company, would be required to prepare a roadmap for compliance with various elements of the NBFC Regulations in consultation with the Government and submit the same to Reserve Bank of India (Department of Non-Banking Supervision) as directed by RBI vide notification No.DNBS.PD/CC No.86/03.02.089/2006-07 dated 12th December 2006.
- Pending registration as a NBFC, the Company has adopted prudential norms for income recognition, asset classification and provisioning, applicable to NBFCs as per Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, w.e.f. financial year ended 31st March 2012. Consequently, the net profit of company for the year ended 31st March 2013 is stated lower by ₹ 1,381.91 lac, ₹ 2,361.92 lac and ₹ 176.94 lac on account of provision made for Standard Loan Assets, Sub-standard Loan Assets and restructured standard loan assets respectively (Previous year ₹ 4,666.60 lac for Standard Loan Assets includes ₹ 1046.01 lac for year ended 31st March 2012) and is shown as 'Provision for Loan Assets' in the Statement of Profit and Loss.
- (c) The company created reserve for loan assets at 0.40% of the total outstanding of loan assets up to 31st March 2011. Consequent upon adoption of prudential norms during the year ended 31st March 2012 as stated in (b) above, the company has discontinued the practice to transfer amount to Reserve for Loan Assets and the existing Reserve for Loan Assets of ₹ 5792.94 lac as on 31st March 2011 has been retained in the books of account of the company as on 31st March 2013.
- (d) The company has restructured/ rescheduled 21 loan accounts up to 31st March 2013 having outstanding balance of ₹ 2,82,040.42 lac as on 31st March 2013 (₹ 98,828.02 lac in 10 loan accounts as on 31st March 2012) and there is no shortfall in value of security in these accounts as on 31st March 2013. Refer note 24(A)(3)(b)iv)

17. Provisions of Accounting Standard (AS-19)

- a) Financial Lease: NIL
- b) Operating Lease: The Company has taken office premises under operating lease with varying lease periods and disclosure requirements are as under:-

₹ in Lac

Period	For the Year Ended 31 st March 2013	For the Year Ended 31 st March 2013
Total of future minimum lease payments (Gross Investment)	2,451.94	3,805.19
Present value of lease payments	2,190.41	3,179.32
10 Year G-Sec Yield	8.01%	8.540%
Maturity profile of total of future minimum lease payments		
Not later than one year	869.48	847.88
Later than one year but not later than five year	1,582.46	2,940.92
Later than five year	-	16.40
Total	2,451.94	3,805.20

18. Payment to Auditors:

₹ in Lac

S. No.	Period	For the Year Ended 31 st March 2013	For the Year Ended 31 st March 2013
1.	Audit Fee	7.50	7.50
2.	Tax Audit Fee	1.50	1.50
3.	Certification work	4.64	5.63
4.	Reimbursement of Expenses	1.36	-
5.	(i) Audit of Standalone & Consolidated Accounts for issue of bonds:		
	(a) For quarter ended 30 th June 2012	3.60	-
	(b) For half year ended 30 th September 2012	5.10	4.25
	(ii) Examination of financial information in prospectus	18.00	-
	TOTAL	41.70	18.88

19. Prior Period Income & Expenses which have been included under natural heads in Statement of Profit and Loss are as under:

₹ in Lac

Income	For the Year Ended 31 st March 2013	For the Year Ended 31 st March 2013
Income on Loans & Advances	2,489.43	294.91
Penal Interest	(20.40)	(3.40)
Interest on Deposits with banks	-	(5.09)
Pre-payment Charges	7.08	-
Commission received on LC	188.98	-
Other Charges	1.16	-
Amount written back	3.53	95.35
Miscellaneous Income	16.16	-
Total	2,685.94	381.77
Expenditure		
Bond servicing expenses	(0.31)	9.62
Bond Issue expenses	-	10.21
Employee Benefit Expenses	6.30	2.47
Lease Rent	6.39	-
Interest on income tax	4.02	-
Miscellaneous expenses	2.01	3.85
Total	18.41	26.15

In view of the above, the net profit of the company for the year ended 31st March 2013 is stated higher by ₹2,667.53 lac (₹ 355.62 lac for the previous year)

20. During the year, the company has sent letters seeking confirmation of balances as on 31st March 2013 to borrowers and banks etc. Some of the balances appearing under Infrastructure Loans, borrowings and other debit and credit balances as on 31st March 2013 are subject to confirmation and reconciliation and in the opinion of management, no material impact of such confirmation and reconciliation and also on account of pending resetting of interest rates in some of the cases on financial statements is anticipated.
21. The proceeds of bonds aggregating ₹ 4,76,887.69 lac raised during financial year 2012-13 was utilized for repayment of overdraft of ₹ 1,53,108 lac which was availed mainly for purpose of loan disbursement and payment of interest on borrowings and the balance of ₹ 3,23,779.69 lac, pending utilization as per objective of respective bond issues, was invested in bank deposits during the year having maturity date during 2013-14. Further, IIFCL availed overdraft of ₹ 1,12,395.58 lac from various banks during the year against security of these bank deposits which was also utilized mainly for purpose of loan disbursement and payment of interest on borrowings. Furthermore, pending access to the funds before creation of security for bonds in April 2013, proceeds of Tranche II of public issue of Tax Free bonds amounting to ₹ 27,244.20 lac was held in public issue accounts with various banks as on 31st March 2013.
22. During the current year, the company has allotted 4,000 lac number of equity share of ₹ 10 each aggregating to ₹ 40,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 2,50,000 lac to ₹ 2,90,000 lac.
23. The previous year figures have been regrouped wherever considered necessary.

**As per our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Registration no: 000051N)**

**For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited**

**Jai Prakash Agarwal
Partner
Membership No.: 10270**

**Harsh Kumar Bhanwala
(Executive Director)**

**S.K. Goel
(Chairman and Managing Director)**

**Rajeev Mukhija
(General Manager- CFO & CS)**

**Place: New Delhi
Dated: 10.05.2013**

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

Statement of information of Subsidiaries in compliance with Section 212 of the Companies Act, 1956 as on 31st March 2013

PARTICULARS	India Infrastructure Finance Company (UK) Limited*	IIFCL Projects Limited	IIFCL Asset Management Company Limited
1 The Financial year of the subsidiary ended on	31 st March 2013	31 st March 2013	31 st March 2013
2 (a) Number of shares held by India Infrastructure Finance Company Limited (Holding Company) as on 31 st March 2013	500 lac Equity Shares of IIFC(UK) Limited subscribed in tranches on various dates at prevailing exchange rate at face value of US \$ 1 each aggregating to ₹ 23,394.80 lac	5 lac Equity Shares of IIFCL Projects Limited subscribed at ₹ 10 each aggregating to ₹ 50.00 Lac	125 lac Equity Shares of IIFCL Asset Management Company Limited subscribed at ₹ 10 each aggregating to ₹ 1,250.00 Lac
(b) Extent of interest of the holding company at the end of the Financial Year of the subsidiary	100%	100%#	100%#
3 Date from which it became a subsidiary	7th February 2008	14th February 2012 @	28th March 2012 @
4 The net aggregate amount of profit/ (loss) and reserve of the subsidiary so far as it concerns the members of the holding company	₹ 22,834.78 Lac (US \$ 349.98 Million)	₹ 1.80 Lac	₹ 5.33 Lac
(a) Dealt within the holding company's accounts by way of dividend on the shares held in subsidiary	₹ 16,627.50 Lac (US \$ 30 Million)	NIL	NIL
(i) For the financial year of the subsidiary company	NIL	NIL	NIL
(ii) For the previous financial year of the subsidiary company since it became the holding company's subsidiary	NIL	NIL	NIL
(b) Not dealt within the holding company's accounts	NIL	NIL	NIL
(i) For the financial year of the subsidiary company	NIL	NIL	NIL
(ii) For the previous financial year of the subsidiary company since it became the holding company's subsidiary	NIL	NIL	NIL

Equity shares of IIFCL Projects Limited and IIFCL Asset Management Company Limited held by IIFCL include 6 equity shares each, held jointly with nominee(s) viz. 1 share held jointly with each of the 6 nominees.

@ IIFCL Projects Limited registered on 14th February 2012 and IIFCL Asset Management Company Limited registered on 28th March 2012 considered as subsidiaries as on 31st March 2012 even though both companies were yet to raise equity share capital and commence their business activities as IIFCL had undertaken to subscribe their entire equity share capital as subscriber to their Memorandum of Association.

^ Reserves include Accumulated Profits net of dividend paid, Reserve for Loan Assets created in its restated financial statements for the period upto 31st March 2011 as per Indian GAAP for purpose of consolidation pursuant to Accounting Policy of IIFCL, the holding company and Foreign Currency Translation Reserve representing exchange difference wherein assets and liabilities, both monetary and non-monetary, of the foreign subsidiary are translated at the closing exchange rate (1 US \$ = ₹ 54.3893 as at 31st March 2013) and income and expense items of the foreign subsidiary are translated at average exchange rate during the period (1 US \$ = ₹ 54.4005).

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

Harsh Kumar Bhanwala
(Executive Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 10.05.2013

Rajeev Mukhija
(General Manager - CFO & CS)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED, NEW DELHI, FOR THE YEAR ENDED 31st MARCH 2013

The preparation of financial statements of India Infrastructure Finance Company Limited, New Delhi, for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 10th May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of India Infrastructure Finance Company Limited, New Delhi, for the year ended 31st March 2013. This supplementary audit has been carried out independently without access of the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

**For an on the behalf of the
comptroller & Auditor General of India**

(Brij Mohan)

**Principal Director of Commercial Audit &
Ex-officio Member Audit Board -III New Delhi**

Place: New Delhi

Date: 17th June 2013

Annual Interim Financial Report – Component II
SNTA Interim Financial Report (IFR) for World Bank Financed Capacity Building Activities on Component II for the period ending on 31st March, 2013

In INR

	Expenditure Details			Claimable Amount			Expenditure Forecast			Claim Details			Amount Disbursed	Authorised Allocation	Remarks		
	For the period ending March 13	For the year	Cumulative	% eligible	For the period ending March 13	For the year	Cumulative	Quarter ending June 13	Quarter ending Sep 13	Total for 2 quarters	Current claim	Cumulative amount claimed till date				Cumulative	RF no.
	A	B	C	D	E=AYD	F=BTD	G=CVD	H	Hb	Hc+Ha+Hb	I	Ib				J	K
Opening Balance in SNTA Ledger	10,554,702	12,810,161	17809232														
Add Funds Received																	
Interest Income*	1,012,868	1,012,868	2,762,375														
SNTA																	
2. Other receipts Bank Interest etc)																	
Total Funds under the Trust Fund	11,567,570	13,823,029	20,571,627														
Less: Category Wise Expenditure																	
I. Consultants Services																	
Preparation of Integrated Risk Management Framework for IFCL and its subsidiaries	2,264,458	4,528,917	10,782,579	100%	2,264,458	4,528,917						17,323,916	16,190,239			USD 379,506	
II. Incremental Operating Costs																	
Advertisement	-	-	485,936	100%	-	-	485,936					485,936	1,819,013			334,500	
Total Expenditure (H+IV)	2,264,458	4,528,917	11,268,515		2,264,458	4,528,917	11,268,515					17,809,252	17,809,252			USD 379,506	
Closing Balance in SNTA Ledger*	9,303,112	9,303,112	9,303,112														Equivalent INR 17,809,252

Notes:

1. Equivalent INR is converted at notional rate of INR 46.9279104 per USD

*) Revision made in Quarterly IFR for the period ended 31st March 2013 by giving effect to the Audit Observations i.e. by including interest accrued but not due on FDR with Bank of India, which was not included in original Quarterly IFR.

For P.R. Mehra & Co.
Chartered Accountant
Reg. no. 000051N

Abhishek Malhotra
Partner
Membership No. 082648

Date: 11.04.2013
Place: New Delhi

For India Infrastructure Finance Company Ltd.

Sanjeev Ghai
(Chief General Manager)

Annual Interim Financial Report – Component II
IDF Interim Financial Report (IFR) for World Bank Financed Capacity Building Activities on Component II for the period ending on 31st March' 2013

In INR

	Expenditure Details			Claimable Amount			Expenditure Forecast			Claim Details			Amount Disbursed	Authorised Allocation	Remarks		
	For the period ending March 13	For the year	Cumulative	% eligible	For the period ending March 13	For the year	Cumulative	Quarter ending June 13	Quarter ending Sep 13	Total for 2 quarters	Current claim	Cumulative amount claimed till date				Cumulative	IF no.
Opening balance in IDF ledger	3,202,511	1,133,690	3,440,000														
Add: Funds Received																	
1. IDF / RETFs	-	2,500,000	2,500,000														
2. Other receipts, bank interest etc.																	
Total Funds Received	3,202,511	3,633,690	5,940,000														
Less: Category Wise Expenditure																	
I. Prior period adjustment	-	-	2,002			2,002											
II. Ineligible expenditures (Refer Audit Report for 2011-12)																	
Consol of service tax	-	-11,642	-11,642			-11,642											
III. Consultants Services																	
Public and industrial mechanisms at IIFCL																	
Case studies on Environmental and Social Safeguards Issues	643,075	643,075	643,075	100%	643,075	643,075						500,000	500,000			Equivalent INR 20,610,000	
Independent strategic review												1,000,000	1,000,000				
Preparation for ISO certification												1,000,000	1,000,000				
Acquiring ISO certification																	
Periodic audits																	
Preparation of new HR policy	306,586	306,586	1,899,313	100%	306,586	306,586						2,000,000	2,000,000				
Sub-Total	1,049,511	1,049,511	2,543,238	100%	1,049,511	1,049,511						4,500,000	4,500,000			Equivalent INR 450,000	
IV. Goods																	
V. Workshops and Training																	
Capacity building on environmental and social safeguards issues	221,889	407,805	1,209,536	100%	221,889	407,805						1,440,000	1,440,000				
Claim of BL 136755 being expense incurred towards ESF workshop conducted in Hyderabad on 23/01/12 (Ref: Audit Report FY 2011-12)																	
Claim of BL 136755 being expense incurred towards ESF workshop conducted in Hyderabad on 23/01/12 (Ref: Audit Report FY 2011-12)																	
DIID Ttg. Category	221,889	604,670	1,406,291	100%	221,889	604,670						1,440,000	1,440,000				
Roll out of new HR policy and procedures	1,202,409	1,633,489	3,959,889		1,202,409	1,645,131						5,940,000	5,940,000				
Total Expenditure (H+I+II+III+IV+V)	2,000,111	2,000,111	2,000,111														
Closing Balance in IDF Ledger																	

Notes:

1. Equivalent (INR) is converted at notional rate of INR 45 per USD

2. An amount of INR 11,90,00,000 was claimed through Sep 2011 IIFR and amount received on 23.12.2011. An amount of INR 25,00,00,000 claimed through March 2012 IIFR and received on 1.8.12

For PR Mehra & Co.
Chartered Accountant
Reg. no. 080051/N

Date: 11.06.2013

Place: New Delhi

Ashok Mallhona
Partner
Membership No. 082648

For India Infrastructure Finance Company Ltd.

Sanjay Ghai
(Chief General Manager)



Shri S.K. Goel Chairman & Managing Director, IIFCL addressing the Conference on Solar Power held on 26th November, 2012 for banks and project developers



Shri S.K. Goel Chairman & Managing Director, IIFCL addressing the gathering in the workshop on Credit Enhancement held on 15th March, 2013



Shri Shivraj Patil Hon'ble Governor of Punjab conferred Shri S.K. Goel, CMD, IIFCL with the Rajiv Gandhi Life Time Achievement Award for Outstanding Contribution to Banking & Finance on 20th August, 2012 in a Function held in New Delhi



Shri S.K. Goel Chairman & Managing Director, IIFCL acknowledging the gathering on the occasion of receiving the award for IPE BFSI Leader at 'IPT BFSI Awards 2012' held on 30th June, 2012

**Consolidated Financial Results of
India Infrastructure Finance Company Ltd.**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of India Infrastructure Finance Company Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of India Infrastructure Finance Company Limited ("the Company") and its subsidiaries (the company and its subsidiaries constitute "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

1. As per Accounting Standard-11 (AS-11) i.e. 'The Effects of Changes in Foreign Exchange Rates', foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and difference should be taken to the Statement of profit and loss whereas the Company has restated these foreign currency loans as on the date of inception of the forward contracts and difference taken to statement of profit and loss as stated in Note No. 24(B)(13). Had the company complied with AS-11, loan liability and foreign currency receivable account as on March 31, 2013 would have been higher by ₹ 69,646.50 Lac (₹43,320.36 Lac as on March 31, 2012) each. However, there would be no impact on the profit for the year ended March 31, 2013 as the loss on principal amount of hedged foreign currency loans will be totally offset by the gain on the forward exchange contracts.
2. As stated by the management in Note No. 24(B)(11)(b), the Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) entered into by the company as on March 31, 2013 amounts to ₹70,689.36 Lac and the net M2M loss/gain relating to interest rate swaps, if any, cannot be computed separately. As per the announcement issued by the Institute of Chartered Accountants of India regarding 'Accounting for Derivatives', keeping in view the principle of prudence as enunciated in AS 1, 'Disclosure of Accounting Policies', the entity is required to provide for losses in respect of all outstanding derivative contracts at the balance sheet date by marking them to market except in respect of 'Forward Contracts' which are to be accounted for in accordance with the provisions of AS-11, 'The Effects of Changes in Foreign Exchange Rates'. In our opinion, the Company has not ascertained and provided for such mark to market loss, if any, on these outstanding derivative contracts, i.e. Interest Rate Swaps.

3. Some of the balances shown under Infrastructure loans, borrowings and various other debit and credit balances in the annual accounts of the company as on March 31, 2013 are subject to confirmation. The impact on the consolidated accounts on confirmation of these balances, on reconciliation of the differences between balances as per books of account of the company and balances confirmed by the company and also on account of pending resetting of interest rates in some of the cases is not ascertainable at this stage. [Refer note 24(B)(18)].
4. No provision has been made regarding employee benefits in the books of a subsidiary i.e. IIFCL Projects Limited as required by AS-15 (Employee Benefits) Revised. The impact of the above on the consolidated profit and loss could not be ascertained.
5. In the absence of audited financial statements of an associate for the year ended 31st March, 2013 as stated in note 24(A)(1.3), the effect of the same has not been considered in the Consolidated Financial Statements. The impact of the above on the consolidated profit and loss could not be ascertained.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, except for the effects of the matter described in paragraph 1 above and possible effects of the matters described in paragraphs 2 to 5 above in the 'Basis for Qualified Opinion' paragraph, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) *in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;*
- (b) *in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and*
- (c) *in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.*

Emphasis of Matter

The company, being a Non-Banking Finance Company since incorporation, has been carrying on the business of a non-banking financial institution without obtaining a certificate of registration from the Reserve Bank Of India. We draw attention to Note No. 24(B) (16)(a) of the consolidated financial statements which describes the matter regarding application made by the company on March 07, 2013 for registration of the company as a 'Non-Banking Financial Company — Infrastructure Finance Company (NBFC-IFC)' with Reserve Bank of India as required under section 45-(1A)(1)(a) of Chapter IIIB of The Reserve Bank Of India which is pending. Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the financial statements of the three subsidiary companies i.e. India Infrastructure Finance Company (UK) Limited, IIFCL Projects Limited and IIFCL Asset Management Co. Limited, whose financial statements reflect total assets of ₹ 5,71,146.33 Lac, total liabilities of ₹ 5,23,609.63 Lac as at March 31, 2013, total revenues of ₹ 22,478.69 Lac for the year ended March 31, 2013 and cash outflows amounting to ₹ 1,960.10 Lac for the year then ended.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

**For P. R. Mehra & Co.
(Chartered Accountants)
(Registration. No. 000051 N)**

**(Jai Prakash Agarwal)
Partner
(Membership No. 010270)**

**Place : New Delhi
Dated : 10.05.2013**

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

₹ in Lac

PARTICULARS	Note No.	As at 31 st March 2013	As at 31 st March 2012
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	2,90,000.00	2,50,000.00
(b) Reserves and Surplus	2	2,18,675.71	1,40,163.37
(c) Money received against share warrants		-	-
SUB-TOTAL (1)		5,08,675.71	3,90,163.37
(2) Share application money pending allotment-			
SUB-TOTAL (2)		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	2,300,557.87	24,28,479.61
(b) Deferred tax liabilities (Net)	4	13,025.18	6,199.19
(c) Other long term liabilities	5	4,284.87	132.21
(d) Long-term provisions	6	15,301.55	11,912.41
SUB-TOTAL (3)		23,33,169.47	24,46,723.42
(4) Current liabilities			
(a) Short-term borrowings	7	1,48,385.89	2,74,368.97
(b) Trade payables	8	1,289.09	2,602.00
(c) Other current liabilities	9	10,74,358.35	49,747.31
(d) Short-term provisions	10	1,141.82	1,574.32
SUB-TOTAL (4)		12,25,175.15	328,292.60
TOTAL (1)+(2)+(3)+(4)		40,67,020.33	31,65,179.39
II ASSETS			
(1) Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		133.49	119.69
(ii) Intangible assets		6.36	7.28
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-current investments	12	29,901.45	29,376.42
(c) Long term loans and advances	13	22,68,952.68	20,18,719.24
(d) Other non-current assets		-	-
SUB-TOTAL (1)		22,98,993.98	20,48,222.63
(2) Current assets			
(a) Current Investments	14	-	1,482.98
(b) Trade Receivables	15	367.79	570.29
(c) Cash and Bank Balances	16	11,66,887.14	9,96,344.34
(d) Short term loans and advances	17	5,28,580.03	55,381.82
(e) Other current assets	18	72,191.39	63,177.33
SUB-TOTAL (2)		17,68,026.35	11,16,956.76
Significant accounting policies and other notes to the financial statements	24		
TOTAL (1)+(2)		40,67,020.33	31,65,179.39

As per our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Registration no:000051N)

Jai Prakash Agarwal
Partner
Membership No.:10270

Harsh Kumar Bhanwala
(Executive Director)

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

S.K.Goel
(Chairman and Managing Director)

Rajeev Mukhija
(General Manager- CFO & CS)

Place: New Delhi
Dated:10.05.2013

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED
STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH 2013

₹ in Lac

PARTICULARS	Note No.	As at 31 st March 2013	As at 31 st March 2012
I Revenue from operations	19	3,50,377.20	2,68,747.59
II Other Income	20	844.98	416.96
III Total Revenue (I+II)		3,51,222.18	2,69,164.55
IV Expenses			
Finance Costs	21	1,92,112.32	1,59,645.10
Employee Benefits Expense	22	1,024.07	980.19
Provision for Loan Assets	24(B)(16b)	4,296.13	1,315.39
Marked to Market Losses on Derivatives	24(B)(11a)	(974.01)	1,455.70
Depreciation and amortisation expense	11	51.53	42.01
Other Expenses	23	2,875.86	2,634.53
Total Expenses		1,99,385.90	1,66,072.92
V PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		1,51,836.28	1,03,091.63
VI Exceptional Items			
Less: Provision for Standard Loan Assets		-	(3,858.19)
VII PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V+VI)		1,51,836.28	99,233.44
VIII Extraordinary Items		-	-
IX. PROFIT BEFORE TAX (VII-VIII)		1,51,836.28	99,233.44
X. Tax Expense:			
(1) Current Tax			
- Current Year		(43,879.03)	(28,117.01)
- Earlier Year		(207.97)	310.88
(2) Deferred Tax	4		
- Current Year		(6,825.99)	(3,472.19)
- Earlier Year		-	(156.05)
XI Profit for the year from continuing operations (IX-X)		1,00,923.29	67,799.07
XII Earnings per equity share (₹) (face value of ₹ 10/- each)	24(B)(7)		
(1) Basic		3.65	3.28
(2) Diluted		3.65	3.28
Significant accounting policies and other notes to the financial statements	24		

As per our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Registration no:000051N)

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For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

S.K. Goel
(Chairman and Managing Director)

Rajeev Mukhija
(General Manager- CFO & CS)

Place: New Delhi
Dated: 10.05.2013

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

₹ in Lac

PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
(i) Net Profit before Tax	1,51,836.28	99,233.44
Adjustments for:		
(ii) Depreciation and amortisation expense	51.53	42.01
(iii) Provision/write offs	4,398.59	6,751.45
(iv) Provisions/ Amounts written back	(1,088.11)	(100.18)
(v) Foreign Exchange Fluctuation Loss / (Profit) on borrowings	4,207.16	1,264.49
(vi) Interest / expenses on borrowings	1,79,771.33	1,53,206.12
(vii) Other Borrowing Costs	8,688.15	5,643.16
(ix) Interest on Income Tax	95.39	141.16
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,47,960.32	2,66,181.65
(i) Cash Flow From Lending of Funds	(7,22,449.34)	(5,37,633.86)
(ii) Sale of/ (Addition) to Investments	1,500.00	1,74,654.23
(iii) (Increase)/decrease in Trade Receivables	202.50	
(iv) (Increase)/decrease in Current Assets, Loans and Advances	(9,854.33)	(27,138.06)
(v) (Increase)/decrease in other bank balances	(1,56,308.43)	(2,60,661.93)
(vi) Increase/(decrease) in other non- current and current liabilities	3,461.73	1,872.37
CASH FLOW FROM OPERATIONS BEFORE TAX	(5,35,487.55)	(3,82,725.60)
Taxes paid (Net)	(44,710.00)	(27,466.78)
NET CASH FROM OPERATIONS	(5,80,197.55)	(4,10,192.37)
B CASH FLOW FROM INVESTING ACTIVITIES		
(i) (Purchase of)/ Sale for Fixed Assets	(261.36)	(67.87)
(ii) Investments in Subsidiary Company and Venture Capital Units	(1,054.48)	(2,164.62)
(iii) Redemption of Investments in Venture Capital Units	522.10	172.00
NET CASH FROM INVESTING ACTIVITIES	(793.74)	(2,060.49)
C CASH FLOW FROM FINANCING ACTIVITIES		
(i) Proceeds from Issue of Share Capital	40,000.00	50,000.00
(ii) Proceeds from Long term Borrowings	8,79,720.67	3,37,223.08
(iii) Proceeds/ (Repayment) from Short term Borrowings	(1,25,983.08)	1,56,161.23
(iv) Securities Premium on Bonds	9.85	-
(v) Interim Dividend paid (including dividend distribution tax)	(25,700.14)	
(vi) Interest / expenses on Borrowings	(1,67,562.51)	(1,50,453.81)
(vii) Other Borrowing Costs	(8,554.58)	(6,103.83)
NET CASH FROM FINANCING ACTIVITIES	5,91,930.21	3,86,826.67
D EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCE	3,295.45	5,317.43
NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C+D)	14,234.37	(20,108.76)
Add: Opening Cash and Cash Equivalents	21,812.62	41,921.38
Closing Cash and Cash Equivalents	36,046.99	21,812.62
Closing Cash and Cash Equivalent Comprises of :-		
1 Cash in hand	0.43	0.32
2 Current Accounts in India (Refer footnote of Note 16)	31,730.86	3,973.39
3 Fixed Deposits with banks	15.00	14,451.71
4 Flexi Deposit Accounts	4,300.70	3,387.20
TOTAL	36,046.99	21,812.62

Note : Figures of previous period (s) have re-gruped / re-arranged wherever practicable to make them comparable to the reporting period presentation.

As per our report of even date

For P.R. Mehra & Co.
Chartered Accountants
(Registration no:000051N)

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

Jai Prakash Agarwal
Partner
Membership No.: 10270
Place: New Delhi
Dated: 10.05.2013

Harsh Kumar Bhanwala
(Executive Director)

S.K. Goel
(Chairman and Managing Director)

Rajeev Mukhija
(General Manager- CFO & CS)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : SHARE CAPITAL

₹ in Lac

PARTICULARS	Year ended	Year ended
	31 st March 2013	31 st March 2012
Authorized Capital	5,00,000.00	5,00,000.00
5,000,000,000 equity shares of ₹ 10/- each		
Issued, Subscribed & Fully Paid Equity Shares		
2,900,000,000 (2,500,000,000 as at 31 st March 2012) equity shares of ₹ 10/- each	2,90,000.00	2,50,000.00

Footnotes:

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

₹ in Lac

PARTICULARS	Year ended 31 st March 2013		Year ended 31 st March 2012	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Shares outstanding at the beginning of the reporting period	2,50,00,00,000	2,50,000.00	2,00,00,00,000	2,00,000.00
Shares Issued during the reporting period	40,00,00,000	40,000.00	50,00,00,000	50,000.00
Shares outstanding at the end of the reporting period	2,90,00,00,000	2,90,000.00	2,50,00,00,000	2,50,000.00

b) Entire equity share capital of the company is held by Government of India.

Note 2 : RESERVES & SURPLUS

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(a)	CAPITAL RESERVE		
	Opening Balance	585.14	585.14
	Add: Share of profits in Associate Company	16.85	-
	Closing Balance*	601.99	585.14
(b)	SECURITIES PREMIUM RESERVE (ON BONDS)		
	Opening Balance	-	-
	Add: For the year	9.85	-
	Closing Balance	9.85	-
(c)	DEBENTURE REDEMPTION RESERVE		
	Opening Balance	882.90	9.54
	Add: Transfer from Surplus in Statement of Consolidated Profit and Loss	973.12	873.36
	Closing Balance	1,856.02	882.90
(d)	OTHER RESERVES		
(i)	RESERVE FOR LOAN ASSETS (footnote 1)		
	Opening Balance	6,165.42	6,165.42
	Closing Balance	6,165.42	6,165.42
(ii)	SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (footnote 2)		
	Opening Balance	21,644.47	10,035.23
	Add: Transfer from Surplus in Statement of Consolidated Profit and Loss (Net)	20,072.80	11,609.24
	Closing Balance	41,717.27	21,644.47
(iii)	STAFF WELFARE RESERVE (footnote 3)		
	Opening Balance	64.44	65.00
	Less: Amount utilized during the year and transferred to Surplus in Consolidated Statement of Profit and Loss	1.95	0.56
	Closing Balance	62.49	64.44
(iv)	CORPORATE SOCIAL RESPONSIBILITY RESERVE (footnote 4)		
	Opening Balance	591.60	-
	Add: Transfer from Surplus in Statement of Consolidated Profit and Loss	1,171.66	591.60
	Less: Amount utilized during the year and transferred to Surplus in Statement of Consolidated Profit and Loss	105.40	-
	Closing Balance	1,657.86	591.60
(v)	FOREIGN CURRENCY TRANSLATION DIFFERENCE RESERVE		
	Opening Balance	3,777.23	(1,542.80)
	Add/ Less: Adjustments during the year	3,262.49	5,320.03
	Closing Balance	7,039.72	3,777.23
(e)	SURPLUS IN STATEMENT OF CONSOLIDATED PROFIT AND LOSS		
	Opening Balance	1,06,452.17	51,726.74
	Add: Profit for the current year	1,00,923.29	67,799.07
	Add: Transfer from Staff Welfare Reserve	1.95	0.56
	Add: Transfer from Corporate Social Responsibility Reserve	105.40	-
	Less: Transfer to Debenture Redemption Reserve	973.12	873.36
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	20,072.80	11,609.24
	Less: Transfer to Corporate Social Responsibility Reserve	1,171.66	591.60
	Less: Interim Dividend	22,112.88	-
	Less: Dividend Distribution Tax	3,587.26	-
	Closing Balance	1,59,565.09	1,06,452.17
	TOTAL	2,18,675.71	1,40,163.37

* Closing balance as on 31st March 2013 includes ₹ 585.14 Lac pertaining to Profit on sale of HTM securities and ₹ 16.85 Lac pertaining to share of profits upto date of acquisition of investments in Associate Company. [Refer Note 24(A)(1.1)(vi)]

Footnotes:

- Reserve for loan assets created @ 0.40% on outstanding amount of loans assets as at 31st March 2011 has been retained. [Refer Note 24(B)(16c)]
- Special Reserve is the statutory reserve required to be maintained u/s 36(1)(viii) of Income Tax Act, 1961 by companies providing long term finance for development of infrastructure facility in India.
- Staff Welfare Reserve created to promote, among the staff, sports, cultural and other welfare activities.
- Corporate Social Responsibility Reserve created w.e.f. the previous financial year to comply with the Corporate Social Responsibility (CSR) Policy of the company as per guidelines on CSR issued by Department of Public Enterprises

Note3 : LONG TERM BORROWINGS

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A)	SECURED BONDS		
(i)	500 9.36% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27/07/2042 (See footnote 1)	5,000.00	-
(ii)	10,500 9.41% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 27/07/2037 (See footnote 1)	1,05,000.00	-
(iii)	98,31,060 7.40% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2033 (See footnote 1)	98,310.60	-
(iv)	17,33,164 7.90% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2033 (See footnote 1)	17,331.64	-
(v)	210 7.41% Non Convertible Bonds (Tax Free) Series IV-C of face value ₹ 10 lac each, redeemable at par on 21/11/2032 (See footnote 1)	2,100.00	-
(vi)	3,400 7.41% Non Convertible Bonds (Tax Free) Series III-C of face value ₹ 10 lac each, redeemable at par on 15/11/2032 (See footnote 1)	34,000.00	-
(vii)	66,42,074 7.36% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2028 (See footnote 1)	66,420.74	-
(viii)	9,67,479 7.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2028 (See footnote 1)	9,674.79	-
(ix)	500 7.38% Non Convertible Bonds (Tax Free) Series IV-B of face value ₹ 10 lac each, redeemable at par on 21/11/2027 (See footnote 1)	5,000.00	-
(x)	1,000 7.38% Non Convertible Bonds (Tax Free) Series III-B of face value ₹ 10 lac each, redeemable at par on 15/11/2027 (See footnote 1)	10,000.00	-
(xi)	84,24,960 7.19% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2023 (See footnote 1)	84,249.60	-
(xii)	12,40,032 7.69% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 22/01/2023 (See footnote 1)	12,400.32	-
(xiii)	2,140 7.21% Non Convertible Bonds (Tax Free) Series IV-A of face value ₹ 10 lac each, redeemable at par on 21/11/2022 (See footnote 1)	21,400.00	-
(xiv)	600 7.20% Non Convertible Bonds (Tax Free) Series III-A of face value ₹ 10 lac each, redeemable at par on 15/11/2022 (See footnote 2)	6,000.00	-
(xv)	Long Term Infrastructure Bonds covered under Section 80CCF of Income Tax Act, 1961 (See footnotes 1 & 2)	9,096.18	9,096.18
	SUB-TOTAL (A)	4,85,983.87	9,096.18
(B)	UNSECURED BONDS		
(i)	20,400 7.08% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2033 (See footnote 3)	204.00	-
(ii)	2,12,765 7.58% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2033 (See footnote 3)	2,127.65	-
(iii)	3,46,000 7.02% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2028 (See footnote 3)	3,460.00	-
(iv)	1,19,618 7.52% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2028 (See footnote 3)	1,196.18	-
(v)	10,000 8.55% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 03/11/2024 #	1,00,000.00	1,00,000.00
(vi)	4,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 24/08/2024 #	40,000.00	40,000.00
(vii)	6,000 8.12% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 12/08/2024 #	60,000.00	60,000.00
(viii)	5,000 7.90% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 28/04/2024 #	50,000.00	50,000.00
(ix)	5,000 8.10% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 08/04/2024 #	50,000.00	50,000.00

(x)	2,000 8.68% Non Convertible Bonds of face value ₹10 lac each, redeemable at on 18/12/2023 #	20,000.00	20,000.00
(xi)	2,000 9.35% Non Convertible Bonds of face value ₹10 lac each, redeemable at par on 17/11/2023 #	20,000.00	20,000.00
(xii)	19,16,110 6.86% Non convertible (Tax Free) Bonds of face value ₹ 1,000 each, redeemable at par on 26/03/2023	19,161.10	-
(xiii)	1,09,527 7.36% Non convertible (Tax Free) Bonds of face value ₹1,000 each, redeemable at par on 26/03/2023	1,095.27	-
(xiv)	160 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 04/03/2023 #	87,022.88	-
(xv)	2,000 8.82% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 19/12/2022 #	20,000.00	20,000.00
(xvi)	117 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 05/07/2022 #	63,635.48	-
(xvii)	123 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 30/03/2022 #	66,898.84	62,922.50
(xviii)	170 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 27/02/2022 #	92,461.81	86,966.05
(xix)	130 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 16/09/2021 #	70,706.09	66,503.45
(xx)	250 Interest linked to US\$ 6 months LIBOR Non Convertible Bonds of face value \$ 1 million each, subscribed by RBI, redeemable at par on 19/03/2019 #	1,35,973.25	1,27,891.25
(xxi)	5,000 8.70% Non Convertible Bonds of face value ₹ 10 lac each, redeemable at par on 02/09/2016 #	50,000.00	50,000.00
(xxii)	2,63,070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20/03/2014 #	-	2,63,070.00
(xxiii)	7,36,930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22/01/2014 #	-	7,36,930.00
SUB-TOTAL (B)		9,53,942.55	17,54,283.25
(C) UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote 4)			
(i)	Life Insurance Corporation of India (LIC)*	1,85,000.00	95,000.00
(ii)	National Small Savings Schemes Fund (NSSF)	1,50,000.00	1,50,000.00
(iii)	Asian Development Bank (ADB)*	4,96,727.66	3,92,219.78
(iv)	IBRD (World Bank)*	10,532.43	10,420.98
(v)	Kreditanstalt für Wiederaufbau (KfW)*	18,371.36	17,459.42
SUB-TOTAL (C)		8,60,631.45	6,65,100.18
TOTAL (A)+(B)+(C)		23,00,557.87	24,28,479.61
#	Guaranteed by Government of India including ₹ 10,00,000 Lac as on 31 st March 2013 (Nil as on 31 st March 2012) 6.85% tax free bonds due within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]	17,54,283.25	17,54,283.25
*	Guaranteed by Government of India [including ₹10,000 Lac and ₹ 7,033.47 Lac as on 31 st March 2013 (₹5,000 Lac and ₹ 3,836.74 Lac as at 31 st March 2012) being the amount due to LIC and ADB respectively within 1 year from the end of reporting period and shown as "Other Current Liabilities" in Note 9]	7,27,664.92	5,23,936.92

Footnotes:

- These bonds are secured on pari passu basis by all rights, titles, interests, benefit, claims and demands whatsoever of the Company's accounts including receivables of the Company of whatsoever nature, present and future.
- Details of Long term Infrastructure bonds issued by IIFCL under section 80 CCF of Income Tax Act, 1961, are as under:
 - 130407 8.30% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.
 - 779211 8.15% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.
- These bonds have been secured by creation of charge on assets mentioned at footnote 1 above, after the close of the financial year.

4) TERMS OF REPAYMENT OF LONG TERM LOANS

i) Life Insurance Corporation of India

Tranche	Loan Amount (including short term) (₹ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amount of repayment
I	1,00,000	8.56%	1.02.2013	1.08.2022	Semi-Annual	Equal installments of ₹ 5,000 lac every 6 months
II	1,00,000	9.36%	1 st February 2027		Bullet basis	Entire loan amount on 1 st Feb 2027

ii) National Small Savings Schemes Fund (NSSF)

Loan Amount (₹ in Lac)	Rate of Interest	Date of repayment	Frequency of repayment	Amount of repayment
1,50,000	9.00%	31 st March 2023	Bullet basis	Entire loan amount of ₹ 150,000 lac

iii) Asian Development Bank

Tranche	Loan Amount (including short term) as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amount of repayment
I	3,000	6M USD LIBOR + 20bps	15.12.2012	15.06.2032	Semi-Annual	Each instalment of 2.50% of loan amount
II	2,000	6M USD LIBOR + 20bps	15.06.2014	15.12.2033	Semi-Annual	Each instalment of 2.50% of loan amount
III	2,100	6M USD LIBOR + 20bps	15.12.2014	15.06.2034	Semi-Annual	
IV	2,500	6M USD LIBOR + 30bps	15.12.2015	15.06.2035	Semi-Annual	Ballooning instalments starting from 0.827816% to
V	2,400	6M USD LIBOR + 40bps	15.12.2016	15.06.2036	Semi-Annual	upto 5.550311% of loan amount
Total	12,000					

iv) IBRD (World Bank)

Loan Amount as per Agreement (\$ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amount of repayment
11,950	6M USD LIBOR + Variable Spread	15.04.2017	15.04.2037	Semi-Annual	Instalment (s) of 2.44% of loan amount + variable spread upto 15.10.2036 and 2.40% on 15.04.2037

v) KfW

Tranche	Loan Amount as per Agreement (Euro in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amount of repayment
Portion-I	165.89	0.75%	30.06.2020	30.06.2050	Semi-Annual	- Euro 271,000 from 30.06.2020 to 30.12.2021 - Euro 272,000 from 30.06.2022 to 30.12.2049 and - Euro 272581.03 on 30.06.2050
Portion-II	334.11	4.99%	30.06.2015	30.06.2020	Semi-Annual	- Euro 3,037,000 from 30.06.2015 to 30.06.2018 - Euro 3,038,000 from 30.12.2018 to 30.12.2019 and - Euro 3,038,418.97 on 30.06.2020
Total	500.00					

Note 4 : DEFERRED TAX LIABILITIES

₹ in Lac

S.No.	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(I) Deferred Tax Liability			
(i)	On account of Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	13,535.17	7,022.55
(ii)	On account of deduction claimed for standard loan assets	1,417.46	1,417.52
	Deferred Tax Liability	14,952.63	8,440.07
(II) Deferred Tax Assets			
(i)	On account of depreciation	5.57	4.19
(ii)	On account of diminution in value of investments	75.97	77.55
(iii)	On account of preliminary expenses	2.79	-
(iv)	On account of provision for contingencies*	1,843.12	2,159.14
	Deferred Tax Assets	1,927.45	2,240.88
	Deferred Tax Liability (Net)	13,025.18	6,199.19

* Created in respect of marked to market losses on derivatives

Note 5 : OTHER LONG TERM LIABILITIES

₹ in Lac

S.No.	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(a) Trade payables		4,172.27	-
(b) Others:			
(i)	Rent adjustable account	106.60	105.33
(ii)	Gratuity payable	-	3.20
(iii)	Security deposit received	6.00	23.68
	TOTAL	4,284.87	132.21

Note 6 : LONG TERM PROVISIONS

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A)	Provision for Employee Benefits [See note 24 (B) (5a)]		
(i)	Leave Encashment	50.47	32.08
(ii)	Sick Leave	23.87	9.46
(iii)	Leave Fare Concession	8.26	8.11
	SUB-TOTAL (A)	82.60	49.65
(B)	Others [See note 24 (B) (5a)]		
(i)	Marked to market losses on derivatives [See Note 24 (B) (11a)]	5,680.75	6,654.76
(ii)	Contingent Provisions against Standard Assets [See Note 24 (B) (16b)]	6,999.34	5,208.00
(iii)	Provisions against Sub-standard Assets [See Note 24 (B) (16b)]	2,361.92	-
(iv)	Provisions against Standard Restructured Assets [See Note 24 (B) (16b)]	176.94	-
	SUB-TOTAL (B)	15,218.95	11,862.76
	TOTAL (A)+(B)	15,301.55	11,912.41

Note 7 : SHORT TERM BORROWINGS

₹ in Lac

S.No.	PARTICULARS	31 st March 2013	As at 31 st March 2012
	LOANS REPAYABLE ON DEMAND FROM BANKS (Secured by pledge of fixed deposit receipts of ₹ 5,36,873.75 Lac (₹ 392,864 Lac as at 31 st March 2012))	1,48,385.89	2,74,368.97
	TOTAL	1,48,385.89	2,74,368.97

Note 8 : TRADE PAYABLES

₹ in Lac

S.No.	PARTICULARS	Asat	Asat
		31 st March 2013	31 st March 2012
(i)	Witholding Tax payable to borrowers	1,108.05	2,488.38
(ii)	Miscellaneous Liabilities	181.04	113.62
	TOTAL	1,289.09	2,602.00

Note 9 : OTHER CURRENT LIABILITIES

₹ in Lac

S.No.	PARTICULARS	Asat	Asat
		31 st March 2013	31 st March 2012
(A)	Current maturities of long term debt (See note 3):		
(i)	2,63,070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20/03/2014	2,63,070.00	-
(ii)	7,36,930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22/01/2014	7,36,930.00	-
(iii)	Life Insurance Corporation of India (LIC)	10,000.00	5,000.00
(iv)	Asian Development Bank (ADB)	7,033.47	3,836.74
	SUB-TOTAL (A)	1,017,033.47	8,836.74
(B)	Interest accrued but not due on borrowings		
(i)	On bank overdraft	6.75	74.95
(ii)	On bonds and term loans	55,942.49	40,012.63
	SUB-TOTAL (B)	55,949.24	40,087.58
(C)	Income received in advance		
(i)	Amount pending appropriation	513.40	0.74
(ii)	Grants received from World Bank	13.73	172.14
(iii)	LoC fees	-	39.33
	SUB-TOTAL (C)	527.13	212.21
(D)	Other payables		
(i)	Duties & Taxes payable	166.22	106.95
(ii)	PF deducted on behalf of employees/ whole time directors (including interest payable)	9.01	50.05
(iii)	Unclaimed Interest on Bonds	1.38	1.38
(iv)	Commitment Charges payable	44.82	33.50
(v)	Government Guarantee fees payable	-	2.92
(vi)	Payable to Employees/ Wholetime Directors	6.11	1.69
(vii)	Contribution towards gratuity fund payable to LIC	23.35	32.91
(viii)	Rent Adjustable Account	49.48	13.02
(ix)	Grant refundable to World Bank	113.03	-
(x)	Others	435.11	368.36
	SUB-TOTAL (D)	848.51	610.78
	TOTAL (A)+(B)+(C)+(D)	10,74,358.35	49,747.31

Note 10 : SHORT TERM PROVISIONS

S.No.	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(A) Provision for Employee Benefits [See note 24 (B) (5a)]			
(i) Leave Encashment		16.74	0.92
(ii) Sick Leave		1.53	0.43
(iii) Leave Fare Concession		0.64	0.33
(iv) Performance Linked Incentive to Whole time Directors		51.50	33.15
(v) Wage Revision [See note 24(B)(15)]		37.29	-
	SUB-TOTAL (A)	107.70	34.83
(B) Others [See note 24 (B) (5a)]			
(i) Income Tax (Net)		942.74	1,494.12
(ii) Interest on Income Tax		91.38	45.37
	SUB-TOTAL (B)	1,034.12	1,539.49
	TOTAL (A)+(B)	1,141.82	1,574.32

Note 11 : FIXED ASSETS

₹ in Lac

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2012	Addition	Disposals/ Adjustments	As at 31.03.2013	As at 01.04.2012	For the Period*	Deductions/ Reversals	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS									
FURNITURE & FIXTURES	38.12	21.15	(1.30)	60.57	16.75	5.95	(0.53)	37.34	21.37
VEHICLES	69.18	7.25	-	76.43	30.48	10.08	-	35.87	38.70
OFFICE EQUIPMENTS	28.83	7.16	5.56	30.43	5.86	4.52	3.19	23.24	22.97
COMPUTER HARDWARE	85.46	12.14	(15.10)	112.70	48.81	19.30	(7.55)	37.04	36.65
TOTAL	221.59	47.70	(10.84)	280.13	101.90	39.85	(4.89)	133.49	119.69
As at 31 st March 2012	143.82	79.85	2.08	221.59	67.28	38.59	3.97	119.69	76.54
INTANGIBLE ASSETS									
COMPUTER SOFTWARE	14.33	7.91	14.33	7.91	7.05	1.55	7.05	6.36	7.28
TOTAL	14.33	7.91	14.33	7.91	7.05	1.55	7.05	6.36	7.28
As at 31 st March 2012	10.14	5.36	1.17	14.33	4.80	3.42	1.17	7.28	5.34

* Excludes amortisation of preliminary expenses written off ₹ 10.13 lac of a subsidiary

Note 12 : NON-CURRENT INVESTMENTS

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013		As at 31 st March 2012	
		Number of Shares	Face Value	Number of Shares	Face Value
(A)	TRADE INVESTMENTS				
(a)	Investment in Equity Instruments - Unquoted (Fully Paid)				
	Associate Company [See note 24(B)(3)(i)(A)(III)]				
	Investment in Delhi Mumbai Industrial Corridor Development Corporation Ltd.	41,00,000	₹ 10 427.88*	41,00,000	₹10 411.03
			427.88		411.03
(b)	Investment in Venture Capital Units (Unquoted) (Fully Paid)				
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	60,60,239	₹100 6,060.24	55,27,859	₹100 5,527.86
			6,060.24		5,527.86
(c)	Investment in Bonds (Quoted) (Fully Paid) (see footnoted below)				
(i)	7.70% REC 2014	100	₹10 lac 959.23	100	₹10 lac 959.23
(ii)	8.90% PNB 2019	200	₹10 lac 1984.03	200	₹10 lac 1,984.03
(iii)	10.60% IRFC 2018	50	₹10 lac 500.89	50	₹10 lac 500.89
(iv)	11.00% PFC 2018	50	₹10 lac 526.63	50	₹10 lac 526.63
(v)	11.25% PFC 2018	100	₹10 lac 1065.93	100	₹10 lac 1,065.93
			5,036.71		5,036.71
	SUB-TOTAL (A)		11,524.83		10,975.60
(B)	OTHER INVESTMENTS				
(a)	Investment in Government Securities (Unquoted)				
(i)	6.05% GOI 2019	20,00,000	₹ 100 1,980.00	20,00,000	₹ 100 1,980.00
(ii)	6.35% GOI 2020	75,00,000	₹ 100 6,834.51	75,00,000	₹ 100 6,834.51
(iii)	6.90% GOI 2019	20,00,000	₹ 100 1,952.09	20,00,000	₹ 100 1,952.09
(iv)	7.76% SL (Karnataka) 2019	5,00,000	₹ 100 511.79	5,00,000	₹ 100 513.78
(v)	7.85% SL (Andhra Pradesh) 2019	10,00,000	₹ 100 1,002.02	10,00,000	₹ 100 1,002.34
(vi)	8.27% SL (Kerala) 2019	10,00,000	₹ 100 1,007.41	10,00,000	₹ 100 1,008.65
(vii)	8.43% SL (West Bengal) 2019	15,00,000	₹ 100 1,572.69	15,00,000	₹ 100 1,584.91
(viii)	8.48% SL (Tamil Nadu) 2019	25,00,000	₹ 100 2,550.19	25,00,000	₹ 100 2,558.62
			17,410.70		17,434.90
(b)	Investment in Bonds (Quoted) (Fully Paid)				
	8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹10 lac 965.92	100	₹10 lac 965.92
			965.92		965.92
	SUB-TOTAL (B)		18,376.62		18,400.82
	TOTAL (A)+(B)		29,901.45		29,376.42

Footnotes:

(a) Aggregate amount of quoted investments:

Cost/ Book Value	6,002.63	6,002.63
Market Value	6,185.84	6,024.58

(b) Aggregate amount of unquoted investments - Cost/ Book Value

23,898.82

23,373.79

(c) Aggregate provision for diminution in value of investments

222.00

222.00

(d) During the previous financial year, these investments were shifted from current investments to non-current investments with the approval of Board of Directors of the company at cost or fair value, whichever is lower as on closing of 31st March 2012. This resulted into aggregate provision being made for diminution in value of investments amounting to ₹ 222 lac.

(e) Refer Note 24(A)(5) for valuation of individual investments.

* Includes ₹ 16.85 Lac being share of pre-acquisition profits.

Note 13: LONG TERM LOANS AND ADVANCES

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A)	CAPITAL ADVANCES (Unsecured, Considered good)	213.66	7.91
	SUB-TOTAL (A)	213.66	7.91
(B)	SECURITY DEPOSIT (Unsecured, Considered good)	407.00	414.75
	SUB-TOTAL (B)	407.00	414.75
(C) (I)	INFRASTRUCTURE LOANS (STANDARD ASSETS) (See footnote below)		
(i)	Direct Lending	19,91,879.86	15,30,900.70
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	9,577.11	10,231.72
(iii)	Refinancing Scheme	-	4,16,800.00
(iv)	Takeout financing Scheme	2,46,405.04	60,355.47
(C) (II)	INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS)		
(i)	Direct Lending	19,369.21	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	1,000.54	-
	SUB-TOTAL (C)	22,68,231.76	20,18,287.89
(D)	OTHER LOANS AND ADVANCES		
(I)	Secured, Considered good		
	Loan to employees	99.12	8.18
(II)	Unsecured, Considered good		
(i)	Advance recoverable from employees	1.14	-
(ii)	Prepaid Expenses	-	0.51
	SUB-TOTAL (D)	100.26	8.69
	TOTAL (A) + (B) + (C) + (D)	22,68,952.68	20,18,719.24

Footnote:

Sector	Particulars/Security	Amount (₹ in Lac)	
Power & Other Sectors	"Secured, Considered Good: Mortgage: First parri-passu charge by way of mortgage of Borrower's all immovable properties, present and future." Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets including plant and machinery etc. Pledging of shares minimum of 51% Escrow account and all rights and titles and interest of borrowers rank parri-passu	13,65,427.31	9,03,242.28
Road & Airport (PPP)	"Secured, Considered Good: Right to receive annuity and toll collections of the project" Escrow account and all rights and titles and interest of borrower rank pari passu Hypothecation: First parri-passu charge by way of hypothecation of all the Borrower's movable assets.	9,88,137.40	7,52,948.90
Refinance	Unsecured, Considered Good	4,41,800.00	4,16,800.00
	TOTAL#	27,95,364.71	20,72,991.18

#The above includes ₹ 5,27,132.95 lac (as on on 31st March 2012 ₹ 54,703.29 lac) being amount of loans due within a year and overdue amount as on 31st March 2013 which are shown in Note 17.

Note 14: CURRENT INVESTMENTS

₹ in Lac

PARTICULARS	As at 31 st March 2013		As at 31 st March 2012	
	Number of Bonds	Face Value	Number of Bonds	Face Value
Investment in Bonds (Quoted) (Fully Paid)				
7.15% REC 2012	-	-	150	₹10 lac
TOTAL		-		1,500.00
Less: Provision for diminution in the value of Bonds		-		17.02
TOTAL CURRENT INVESTMENTS		-		1,482.98

Footnotes:

(a) Aggregate amount of quoted investments:		
Cost/ Book Value	-	1,500.00
Market Value	-	1,482.98
(b) Aggregate amount of unquoted investments - Cost/ Book Value	-	-
(c) Aggregate provision for diminution in value of investments i.e. bonds	-	17.02
(d) Refer Note 24 (A)(5) for valuation of individual investments.		

Note 15: TRADE RECEIVABLES

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
	Unsecured, considered good:		
	(Due not exceeding six months)		
(i)	Processing fee recoverable	366.67	-
(ii)	Upfront Fees recoverable	-	570.29
(iii)	Advisory Fees recoverable	1.12	-
	TOTAL	367.79	570.29

Note 16: CASH AND BANK BALANCES

S.No.	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(A)	CASH AND CASH EQUIVALENTS		
(i)	Balances with banks (See footnote below)	30,714.15	3,101.76
(ii)	Balances with Other Banks (held by Subsidiary Company in UK)	1,016.71	871.63
(iii)	Cash on hand	0.43	0.32
(iv)	Fixed Deposits with banks(Unencumbered)	15.00	-
(v)	Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK)	-	14,451.71
(vi)	Flexi Deposits with banks	4,300.70	3,387.20
	SUB-TOTAL (A)	36,046.99	21,812.62
(B)	OTHER BANK BALANCES		
(i)	Earmarked balances with banks for unclaimed interest on bonds	1.38	1.38
(ii)	Fixed Deposits with banks (Unencumbered)	3,57,190.83	4,08,338.84
(iii)	Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK)	1,86,664.08	1,63,112.50
(iv)	<u>Fixed Deposits with banks (Encumbered):</u>		
(a)	Held as security against Interest Payment of Bonds	50,000.00	10,065.00
(b)	Earmarked for expenses Related to World Bank Grant	110.11	150.00
(c)	Pledged to avail overdraft facility from banks	5,36,873.75	3,92,864.00
	SUB-TOTAL (B)	11,30,840.15	9,74,531.72
	TOTAL (A)+(B)	11,66,887.14	9,96,344.34

Footnote: This includes ₹ 27,244.20 Lac which was transferred from Escrow Accounts to the Public Issue Accounts of the company and the company is construed to be beneficiary in respect of these funds. However, the company was provided access to these funds after creation of security for the Bonds in April 2013.

Note 17: SHORT TERM LOANS & ADVANCES

₹ in Lac

S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
(A)	(I) INFRASTRUCTURE LOANS (STANDARD ASSETS) (See footnote in Note 13)		
(i)	Direct lending	63,062.87	51,691.24
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	707.47	427.46
(iii)	Refinancing Scheme	4,41,800.00	-
(iv)	Take out financing Scheme	18,313.07	2,584.59
(A)	(II) INFRASTRUCTURE LOANS (SUB-STANDARD ASSETS) (See footnote in Note 13)		
(i)	Direct lending	3,129.19	-
(ii)	Pooled Municipality Debt Obligation (PMDO) Scheme	120.35	-
	SUB-TOTAL (A)	5,27,132.95	54,703.29
(B)	Loans and advances to related parties (Unsecured, considered good)		
(i)	Expenses Incurred on behalf of subsidiary companies i.e. IIFCL Projects Ltd (₹ 1.06 lac) & IIFCL Asset Management Company Ltd (₹ 0.31 lac)	-	1.37
(ii)	Expenses Incurred on behalf of associate company i.e. Irrigation & Water Resources Finance Corporation	0.17	0.18
	SUB-TOTAL (B)	0.17	1.55
(C)	Others		
(I)	Secured, considered good		
	Loan to employees	20.72	1.74
(II)	Unsecured, considered good		
(i)	Security deposit	309.00	300.00
(ii)	Advances recoverable from employees	4.74	5.77
(iv)	Advance Tax (paid)	22.24	-
(iv)	Tax deducted at source	-	5.54
(vi)	Income Tax Recoverable	325.94	330.77
(vii)	Service Tax Recoverable (CENVAT)	0.41	-
(viii)	Prepaid Expenses	49.98	11.57
(ix)	Other advances	713.88	21.59
	SUB-TOTAL (C)	1,446.91	676.98
	TOTAL (A)+(B)+(C)	5,28,580.03	55,381.82

Note 18: OTHER CURRENT ASSETS

S.No.	PARTICULARS	₹ in Lac	
		As at 31 st March 2013	As at 31 st March 2012
(A)	Interest accrued and due on loans and advances	18,863.02	4,936.37
	SUB-TOTAL (A)	18,863.02	4,936.37
(B)	Interest accrued but not due on:		
(i)	Fixed Deposits with Banks	43,248.89	52,449.03
(ii)	Bonds	207.98	279.60
(iii)	Government Securities	204.88	204.88
(iv)	Interest Rate Swaps (Net)	-	35.79
(v)	Loans & Advances	9,572.75	5,271.66
	SUB-TOTAL (B)	53,234.50	58,240.96
(C)	Others	93.87	-
	SUB-TOTAL(C)	93.87	-
	TOTAL (A)+(B)+(C)	72,191.39	63,177.33

Note 19: REVENUE FROM OPERATIONS

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
(A)	Interest		
(i)	Interest on Loans and Advances under Direct Lending	2,09,555.83	1,49,811.44
(ii)	Interest on Loans under PMDO Scheme	1,219.87	830.17
(iii)	Interest on Loans and Advances under Refinancing Scheme	34,222.95	27,585.83
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	17,826.89	994.61
(v)	Penal Interest	625.97	43.20
(vi)	Interest earned on Certificate of Deposit	-	2,131.89
(vii)	Interest on Government Securities	1,273.70	1,273.70
(viii)	Interest on Bonds	599.93	672.49
(ix)	Interest on Deposits with Banks	80,589.35	79,972.04
	SUB-TOTAL (A)	3,45,914.49	2,63,315.37
(B)	Other Financial Services		
(i)	Upfront Fee	2,475.11	3,782.04
(ii)	Processing fee	731.82	-
(iii)	Pre-Payment Charges	34.78	231.38
(iv)	Commission Received	760.85	328.06
(v)	Commitment Charges	158.21	1,054.87
(vi)	Advisory Fees	72.50	-
(vii)	Other Charges	229.44	35.87
	SUB-TOTAL (B)	4,462.71	5,432.22
	TOTAL (A) + (B)	3,50,377.20	2,68,747.59

Note 20: OTHER INCOME

₹ in Lac

S.No.	PARTICULARS	Year ended	Year ended
		31 st March 2013	31 st March 2012
Other Non-Operating Income			
(i)	Gain on Swap Deals	550.74	-
(ii)	Grants received	154.26	285.20
(iii)	Amounts/ Provisions written back	114.10	100.18
(iv)	Miscellaneous Income	25.88	31.58
	TOTAL	844.98	416.96

Note 21: FINANCE COSTS

₹ in Lac

S.No.	PARTICULARS	Year ended	Year ended
		31 st March 2013	31 st March 2012
(A) Interest Expense:			
(i)	Interest on Bonds & Debentures	1,16,871.82	1,04,643.41
	Less: Interest Saving on Bonds	(89.82)	(125.95)
(ii)	Interest on Bank Borrowings	5,937.97	3,746.33
(iii)	Interest on Bonds Application Money	710.02	-
(iv)	Interest on loan from NSSF	13,500.00	13,500.00
(v)	Interest on loan from LIC	16,458.30	8,583.45
(vi)	Interest on loan from ADB	3,929.03	1,953.69
(vii)	Interest due to net settlement of swap transactions on ADB Loan	20,558.32	19,062.13
(viii)	Interest on loan from IBRD (World Bank)	92.46	61.21
(ix)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	521.20	524.26
(x)	Interest on loan from KFW	758.59	691.32
(xi)	Interest due to net settlement of swap transactions on KFW Loan	523.44	566.27
	SUB-TOTAL (A)	1,79,771.33	1,53,206.12
(B) Other Borrowing Costs:			
(i)	Guarantee Fees to Govt. of India	7,118.02	5,332.83
(ii)	Commitment charges	186.08	175.48
(iii)	Bond Servicing Expenses	130.54	124.65
(iv)	Bond Issue Expenses	1,251.66	10.20
(v)	Factoring Charges	1.85	-
	SUB-TOTAL (B)	8,688.15	5,643.16
(C) Net loss on foreign currency transactions and translations			
	SUB-TOTAL (C)	3,652.84	795.82
	TOTAL (A) + (B) + (C)	1,92,112.32	1,59,645.10

Note 22: EMPLOYEE BENEFITS EXPENSE

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
(i)	Salaries and Wages	757.15	685.05
(ii)	Contribution to provident and other funds	73.28	101.90
(iii)	Staff Welfare Expenses	193.64	193.24
	TOTAL	1,024.07	980.19

Note 23: OTHER EXPENSES

₹ in Lac

S.No.	PARTICULARS	Year ended 31 st March 2013	Year ended 31 st March 2012
(i)	Power and Fuel	8.42	6.73
(ii)	Lease Rent	825.64	872.44
(iii)	Insurance	2.23	1.69
(iv)	Professional Fees	163.69	260.77
(v)	Rates and Taxes	66.02	56.31
(vi)	Interest on income tax	95.39	141.16
(vii)	Amortization of Premium Paid on non-current securities	24.20	24.28
(viii)	Provision for diminution in the value of Investments	-	97.21
(ix)	Net loss on foreign currency transactions and translations	554.32	468.67
(x)	Loan Amount Written Off	75.81	-
(xi)	Establishment and Other Expenses	1,060.14	705.27
	TOTAL	2,875.86	2,634.53

Note 24: SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH 2013

(A) SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1.1 The Consolidated Financial Statements comprise the individual financial statements of India Infrastructure Finance Company Limited (the parent company) and audited financial statements of its subsidiaries, India Infrastructure Finance Company (UK) Ltd, IIFCL Projects Ltd and IIFCL Asset Management Company Limited (together constituting as the group) as on March 31, 2013 and for the period ended on that date. The Consolidated Financial Statements have been prepared on the following basis:

- i) The Financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses, after eliminating intra—group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006.
- ii) The individual financial statements of the subsidiaries IIFC (UK) Ltd. for the period from 1st April 2012 to 31st March 2013, IIFCL projects Ltd. for the period from 14th February 2012 (Date of incorporation of the company) to 31st March 2013 and IIFCL Asset Management Company Limited for the period from 28th March 2012 (Date of incorporation of the company) to 31st March 2013 are consolidated in the financial statement of parent company.
- iii) The assets and liabilities, both monetary and non-monetary, of the foreign subsidiary are translated at the closing exchange rate.
- iv) Income and expense items of the foreign subsidiary are translated at average exchange rate during the period.
- v) All resulting exchange difference is accumulated in a foreign currency translation reserve.
- vi) In case of Associates, where the company directly or indirectly through subsidiaries holds more than 20% of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 — Accounting for Investments in Associates in Consolidated Financial Statements.

1.2 The Individual Financial Statements of the following subsidiaries have been Consolidated in the consolidated Financial Statements:

Name of Subsidiary	Country of Incorporation	Current Period Proportion of Ownership Interest (%)	Previous Period Proportion of Ownership Interest (%)
IIFC (U.K.) Limited	United Kingdom	100%	100%
IIFCL Projects Limited	India	100%	N.A.
IIFCL Asset Management Co. Limited	India	100%	N.A.

- 1.3 The company acquired 41% equity share capital of Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) Ltd. ('the associate') for ₹410.00 lac as on 29th March 2012. The investment has been initially acquired at cost i.e. ₹ 411.03 lac (including expenses incurred 1.03 lac). As DMICDC was associate of IIFCL as on 31st March 2013, based on last Audited financial statements of DMICDC for the year ended 31st March 2012, an amount of ₹16.85 lac being proportionate share in reserves of associate as on that date are considered as capital reserve and accounted for as per AS - 23. In the absence of audited financial statements of DMICDC for the year ended 31st March 2013, the same has not been consolidated.

However, as stated in note 24(B)(3)(i)(A)(iii) the holding of IIFCL in equity share capital of DMICDC would reduce to 4.1% on allotment of these shares and it would cease to be associate of IIFCL. Accordingly, IIFCL will discontinue to account for investment in DMICDC under the equity method as per AS- 23. Consequent upon discontinuing the use of the equity method, investment in DMICDC would be accounted for in accordance with AS- 13, Accounting for Investments,

- 1.4 The wholly owned foreign subsidiary company's i.e IIFC (U.K) Limited audited financial statements have been converted as per Generally Accepted Accounting Practices in India applied for preparing financial statements of the Parent Company.

2. The Financial accounts have been prepared on a going concern basis with accrual concept and in accordance with accounting policies and practices consistently followed unless otherwise stated.

3. RECOGNITION OF INCOME / EXPENDITURE

- 3.1 Upfront fee income on loans granted is considered as income on accrual basis in cases where loan documents have been signed on allocated amount. However, Upfront fee (Non-refundable) received from project companies after in-principle sanction of loans to prospective borrowers is considered as income on realization basis.

Further, upfront fee expenses in respect of loans sanctioned to the company is considered as expense on accrual basis, where loan documents have been executed.

- 3.2 Commitment charges on loans taken by the company are accounted for as expense when draw down of loan is less than sanctioned amount of loan as per the Loan agreement.

- 3.3 Recoveries in borrower's accounts are appropriated as per the loan agreements.

- 3.4 Dividend is accounted on an accrual basis when right to receive the dividend is established.

- 3.5 Income from investment in schemes of growth of mutual funds is accounted for on the basis of actual instance of sale.

- 3.6 Prior period income/ expense of ₹ 5000/- or below is charged to their regular heads of account.

- 3.7 Expenditure incurred in raising of bonds is charged to the statement of Profit and Loss in the year of allotment of bonds.

- 3.8 Expenses incurred under Corporate Social Responsibility(CSR) policy during the financial year is charged to revenue and equivalent amount is transferred from Corporate Social Responsibility Reserve and transferred the balance to statement of profit & loss.

4. LOAN ASSETS

The company has adopted norms for income-recognition, asset classification and provisioning applicable to Non-Banking Financial Companies-Infrastructure Finance Company (NBFC-IFC) as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The salient features of these norms are as under:

4.1 Income Recognition

- Interest is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- Income including interest/discount or any other charges on Non-Performing Assets (NPA) is recognized only when it is actually realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

4.2 "Non-Performing Asset" means:

- An asset, in respect of which interest has remained overdue for a period of six months or more.

- b. A term loan inclusive of unpaid interest, when the installment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more.

4.3 Asset Classification

All advances are classified as:-

- a. "Standard assets" means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- b. "Sub-standard assets" means an asset which has been classified as non-performing asset for a period not exceeding 18 months.
- c. "Doubtful asset" means a term loan or any other asset which remains sub-standard asset for a period of exceeding 18 months.
- d. "Loss Asset" means:
- an asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.
 - an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

4.4 Provisioning

- (i) Standard Assets: General Provision is made at 0.25% of outstanding amount of loans, including on interest accrued but not due at the year end.
- (ii) Sub-standard assets: A general provision of 10 percent of total outstanding amount is made.
- (iii) Doubtful assets:-
- 100 percent provision to the extent to which the advance is not covered by the realizable value of the security to which the company has a valid recourse is made.
 - In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 percent to 50 percent of secured portion i.e. estimated realizable value of the outstanding) is made on the following basis:

Period for which the asset has been considered as doubtful	Percentage of provision
Up to one year	20
One to three years	30
More than three years	50

(iv) Loss Assets

The entire asset is written off, if the assets are permitted to remain in the books for any reason, 100 percent of the outstanding is provided for.

4.5 Restructured loan Assets

- a. Loans are subjected to restructuring and/or rescheduling and/or renegotiation of terms under the following stages:
- before commencement of commercial production;
 - after commencement of commercial production but before the asset has been classified as sub-standard;
 - after commencement of commercial production and the asset has been classified as substandard.
- b. Treatment of restructured loans
- (i) **Standard loan:** The rescheduling or restructuring or renegotiation of the installments of principal alone, at any of the aforesaid first two stages does not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors.

Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages does not cause an asset to be downgraded to sub-standard category subject to the condition

that the amount of interest foregone, if any, on account of adjustment in the element of interest, is either written off or 100 percent provision is made there against.

- (ii) **Sub-standard asset:** A sub-standard asset continues to remain in the same category in case of restructuring or rescheduling or renegotiation of the installments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest, is written off or 100 percent provision made there against.
- (iii) **Adjustment of interest:** Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment is computed by taking the difference between the rate of interest as currently applicable to infrastructure loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.
- (iv) Where the asset is partly secured, a provision to the extent of shortfall in the security available, is made while restructuring and/ or rescheduling and/ or renegotiation of the loans, apart from the provision required on present value basis and as per prudential norms. In line with the Reserve bank of India decision vide letter DBOD.BP.BC.No 83/08.12.014/2012-13 dated 18th March 2013 addressed to commercial banks regarding prudential norms on advances to Infrastructure Sector, in case of PPP projects, the debts due to the company are considered as secured to the extent assured by the project authority in terms of the Concession Agreement, subject to (a) User charges/toll/tariff payments are kept in an escrow account where senior lenders have priority over withdrawals by the concessionaire; (b) There is sufficient risk mitigation, such as pre-determined increase in user charges or increase in concession period, in case project revenues are lower than anticipated; (c) The lenders have a right of substitution in case of concessionaire default; (d) The lenders have a right to trigger termination in case of default in debt service; and (e) Upon termination, the Project Authority has an obligation of (i) compulsory buy-out and (ii) repayment of debt due in a pre-determined manner.

5. INVESTMENTS

5.1 Non-Current Investments

- a. Unquoted Investments: Equity shares in subsidiary companies, associate company and Venture Capital Units are carried at cost.
- b. Unquoted investments in Government securities: Each scrip is carried at its acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis.
- c. Quoted Bonds: Bonds are carried at acquisition cost or lower of book value or market/ fair value in case of inter class transfer. The excess over face value from date of acquisition/transfer is amortized over the remaining maturity period of the security on constant yield basis.

5.2 Current Investments

- a. Quoted Bonds — Each scrip is revalued at the market price or fair value based on yield to maturity method and only the net depreciation is provided for and net appreciation, if any, is ignored.
- b. Mutual Funds — valued at lower of cost or net asset value at the year end.
- c. Certificate of deposits — valued at cost. The difference between face value and cost is recognized as income over the remaining maturity period of certificate of deposit on constant yield basis and is added to the value of certificate of deposit.

5.3 Inter-Class Transfer of investments

The inter-class transfer, if warranted is effected with approval of the Board and in such case investments are transferred scrip wise from current to non-current at book value or market/ fair value, whichever is lower.

6. FOREIGN EXCHANGE TRANSACTIONS

- 6.1. Expenses and income in foreign currency are accounted for at the exchange rates prevailing on the date of transactions.
- 6.2. The following balances are translated in Indian currency at the exchange rates prevailing on the date of closure of accounts:
 - a. Foreign Currency Loan liability to the extent not hedged, and Loan granted in foreign currency.

b. Incomes or Expenses accrued but not due on foreign currency loans granted and foreign currency borrowings respectively.

c. Contingent Liability in respect of Letter of Credit issued in foreign currency.

6.3 a. Foreign Currency Loan liability, to the extent hedged is translated in Indian currency at the spot exchange rates prevailing on the date of hedging transactions.

b. The difference in foreign currency loan amount translated at spot exchange rate prevailing on time of hedging and on the date of repayment of loan is recognized as gain or loss in the year of repayment.

6.4 The actual/translation gain/loss (net) on foreign currency loan assets, liabilities and income & expenditure accrued/accrued but not due are credited/charged to the statement of profit and loss.

7. ACCOUNTING FOR REVENUE GRANTS

7.1. Grants are recognized in the Statement of Profit and Loss as 'other income' on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate provided there is reasonable assurance of compliance of the terms attached with the sanction and of realization of amount of grants.

7.2. Grants received in respect of expenditure already incurred in prior periods are recognized in the Statement of Profit & Loss in the year of approval of grant.

7.3. The unspent amount of grant at the year end, if any, is shown under Current Liabilities.

8. FIXED ASSETS AND DEPRECIATION

8.1. Fixed assets are carried at cost less accumulated depreciation.

8.2. The gross value of fixed assets is reduced by amount of grants received for acquiring these assets. The grant is thus recognized in the Statement of Profit and Loss over the useful life of a depreciable asset by way of a reduced depreciation charge.

8.3. The additions to fixed assets are capitalized on the approval of bills/invoices.

8.4. Depreciation of fixed assets is provided at the rates and manner provided in Schedule XIV of the Companies Act, 1956 following written down value method. Depreciation on individual assets having cost ₹ 5000/- or less is charged at 100% as prescribed in the aforesaid schedule.

8.5. Permanent improvement in leasehold premises is depreciated over the remaining lease term or its useful life, whichever is shorter.

8.6. An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These assets are amortized over a period of 4 years.

9. RETIREMENT BENEFITS

9.1. The contribution towards Provident Fund deducted from remuneration of employees and employer contribution thereon is deposited with Regional Provident Fund Commissioner (RPFO).

9.2. The employee benefits obligations i.e., leave encashment, sick leave and leave travel concession, has been provided for the period up to date of reporting on the actuarial valuation of same.

9.3. Gratuity has been provided on the basis of amount payable to LIC on Group Gratuity Scheme through trust in the name of IIFCL Employees Group Gratuity Fund.

10. ACCOUNTING FOR OPERATING LEASES

Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

11. DERIVATIVE ACCOUNTING

11.1. Wherever the company has entered into forward contract or an instrument i.e., in substance of a forward exchange contract, the difference between the forward rate and the exchange rate on the date of forward exchange contract is recognized as income or expenses over the life of the contract as per AS-11.

11.2. Hedging taken on foreign currency loans is adjusted on FIFO basis after adjusting for the Loans given in foreign currency (i.e. natural hedge).

11.3. The accounting of the derivative transactions is as under:-

a. interest Rate Swap which hedges interest bearing assets or liability is accounted for like the hedge of the asset or liability.

- b. The swap that is accounted for like a hedge is accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability.
- 11.4 The surplus or deficit on account of difference in spot exchange rate at the inception of forward contract and repayment of underlying foreign currency loan obligation recovered from or paid to counter party respectively as per the hedging contract is recognized as gain or loss at the time of repayment of such loan.
- 11.5 Any profit or loss arising on cancellation or renewal of forward exchange contracts including interest rate swaps is recognized as income or as expense for the year.
- 11.6 In respect of interest rate swap transactions in JPY Yen entered by the company, the company is providing mark to market loss as on Balance Sheet Date.

12 TAXES ON INCOME

- 12.1 Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/appeals and on the basis of changes adopted by the company in accounting policies & estimates.
- 12.2 Deferred tax is recognized on timing differences between the accounting income and the taxable income for the period, and quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date.
- 12.3 Deferred tax assets are recognized and reassessed at each reporting date and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is made for liabilities arising from transactions and events whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the note of contingent liability on the basis of judgment of the management/independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

24.(B) OTHER NOTES TO THE FOR CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH 2013

- 1.(a) The Subsidiaries considered in the preparation of the consolidated financial statements are India Infrastructure Finance Company (U.K.) Limited incorporated at United Kingdom, IIFCL Projects Limited and IIFCL Asset Management Company Limited incorporated at India.
- (b) The Consolidated Financial Statements of India Infrastructure Finance Company Limited is for ended on 31st March 2013. The financial statements of the subsidiaries are also made for the year/period ended 31st March 2013.

₹ in Lac

		As at 31 st March 2013	As at 31 st March 2012
2.(a)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	341.44	Nil
(b)	Estimated amount of contracts under Corporate Social Responsibility (CSR) remaining to be executed (net of advances)	144.68	Nil
(c)	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	2,900.93	3,955.41
(d)	Letter of Comfort for issue of Letter of Credit (LC)	1,63,999.60	88,758.37
	The company has issued letters of comfort to respective lead banks in the consortium of lenders for issuing LC on behalf of respective borrowers for subsequently releasing the amount of LC towards disbursement of sanctioned loan assistance.		
(d)	In respect of cess on turnover or gross receipt of company u/s 441A of Companies Act, 1956, to be levied @ not less than 0.005% and not more than 0.1% on the value of the annual turnover or gross receipt whichever is higher, no provision has been made, as the cess rate & the date from which it is applicable has not been notified so far by the Govt. Though no such notification has been issued so far, the Company may have to pay cess minimum of ₹ 50.84 lac and maximum of ₹ 1,016.79 lac, if levied from the financial year 2005-06 being the year in which company was incorporated.		
(e)	The guarantee document, for providing partial credit enhancement guarantee of 24% of proposed bond issue of project company amounting to a maximum of ₹320 crore with GMR Jadcherla Expressway Limited under Credit Enhancement Scheme by IIFCL, was executed on 16 th January, 2013. However, the credit enhancement obligation would commence from the date of issue of bonds.		

3. (i) Disclosures of Related Parties and related party transactions:

A) Managerial Remuneration and related party disclosure

i) Key Managerial Personnel -

Shri S.K.Goel (Tenure from 24 th June 2010)	-	Chairman and Managing Director
- Shri Harsh Kumar Bhanwala (Tenure from 25 th October 2012)	-	Executive Director
- Shri S Krishnan (Tenure from 25 th October 2012)	-	Managing Director, IIFC (UK) Ltd
- Shri N.K.Madan (Tenure from 8 th September 2008)	-	Ex Managing Director, IIFC (UK) Ltd.
- Shri G.George (Tenure from 19 th November 2010)	-	Director, IIFC (UK) Ltd.
- Shri ES Rao (Tenure from 29 th March 2012)	-	Director & CEO (IIFCL Projects Ltd.)

ii) Wholly owned Subsidiary Companies:

- (a) India Infrastructure Finance Company (UK) Limited
(b) IIFCL Projects Ltd.and
(c) IIFCL Asset Management Company Ltd.

iii) Associate Companies:

- a) Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC) (Company held ₹ 41/- lac equity shares of ₹10/- each as on 31st March 2013,

which comprised 41% of equity shares capital of DMICDC as on that date.)

The Board of Directors of DMICDC in its meeting held on 28th March 2013 has recommended the preferential allotment of 900 lac Equity Shares of ₹10/- each at par, in one or more tranches, aggregating to ₹ 9,000 lac on the terms & conditions of allotment to the Government of India (441/- lac Equity Shares of 10/- each at par aggregating to ₹ 4,410/- lac), Japan Bank for International Cooperation (JBIC) (260 lac Equity Shares of ₹10/- each at par aggregating to ₹2,600 lac) and Housing and Urban Development Corporation Limited (HUDCO) (199 lac Equity Shares of ₹ 10/- each at par aggregating to ₹ 1,990/- lac) followed which the proposal is also authorized in Extra-ordinary General meeting of DMICDC held on 28th March 2013. Allotment of these shares is pending as on 31st March 2013. Consequent upon allotment of these equity shares in future, holding of IIFCL in equity share capital of DMICDC would reduce to 4.1% i.e. 41 lac Equity Shares of ₹ 10/- each at par aggregating to ₹ 441 lac.

- (b) Irrigation and Water Resources Finance Corporation Limited (IWRFL) (Chairman and Managing Director of the company also holds additional charge as Chairman & Managing Director of IWRFL w.e.f. 22nd March 2012)
- B) Transactions during the year ended 31st March 2013 (Previous year ended 31st March, 2012) with related parties:

S.No.	PARTICULARS	Amount
a)	Managerial Remuneration	
	(i) Shri S.K. Goel (Chairman and Managing Director)	
	Remuneration	₹ 34.51 lac (₹ 32.27 lac during year ended 31 st March 2012)
	Perquisites	₹ 1.50 lac (₹ 1.61 lac during year ended 31 st March 2012)
	Provision for Performance linked incentive	₹ 11.85 lac includes ₹ 1.85 lac for previous year ₹ 8.15 lac during year ended 31 st March 2012)
	Leave encashment, PF & Gratuity	₹ 5.43 lac (₹ 3.73 lac during year ended 31 st March 2012)
	(ii) Shri Harsh Kumar Bhanwala (Executive Director)	
	Remuneration	₹ 8.92 lac (Nil during year ended 31 st March 2012)
	Perquisites	₹ 0.13 lac (Nil during year ended 31 st March 2012)
	Provision for Performance linked incentive	₹ 3.38 lac (Nil during year ended 31 st March 2012)
	Leave encashment, PF & Gratuity	₹ 1.84 lac (Nil during year ended 31 st March 2012)
	(iii) Directors Remuneration & Perquisites IIFC (UK) Ltd.	₹ 115.79 lac (₹ 85.98 lac during year ended 31 st March 2012)
	(iii) Shri Pradeep Kumar (Ex Chief Executive Officer)	
	Remuneration	Nil (₹ 12.99 lac during year ended 31 st March 2012)
	Perquisites	Nil (₹ 0.19 lac during year ended 31 st March 2012)
	Provision for Performance linked incentive	₹ 3.12 lac for previous year (₹ 5.00 lac during year ended 31 st March 2012)
	Leave encashment & Pension	Nil (₹ 6.18 lac during year ended 31 st March 2012)
b)	Investment in equity shares (Associate Company)	
	Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC)	Nil (₹ 411.03 lac during year ended 31 st March 2012)

c)	Rent received/ recoverable from associate companies:	
i)	Irrigation and Water Resources Finance Corporation Limited	₹ 40.23 lac (₹ Nil during year ended 31 st March 2012)
(d)	Expenses recovered/recoverable from associate companies:	
i)	Irrigation and Water Resources Finance Corporation Limited	₹ 19.59 lac (₹ 0.18 lac during year ended 31 st March 2012)

C) Balances outstanding

		₹ in Lac	
S.No.	PARTICULARS	As at 31 st March 2013	As at 31 st March 2012
A)	Remuneration & other benefits		
	Key Managerial Person		
	Provision for Performance Linked Incentive to Whole time Directors	35.38	33.15
	Leave Encashment (provision)	13.26	10.75
	Gratuity (provision)	3.78	3.20
	Provident fund	0.32	29.52
	Pension and Leave Encashment contribution payable	-	0.54
B)	Investment in equity shares		
i)	Associate		
	Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC)*	411.03	411.03
C)	Amount /Rent recoverable from associate company		
	Irrigation and Water Resources Finance Corporation Limited	0.17	0.18

*Includes expenses capitalized ₹1.03 lac.

4. Investment in Venture Capital Units

During the year ended 31st March 2013, the company has invested ₹ 1054.48 lac (₹ 1,753.59 lac during year ended 31st March 2012) in Venture Capital Units of IDFC Project Equity Domestic Investors Trust II promoted by the company along-with IDFC, Citibank (cumulative amount of investment by the company is ₹7099.07lac). Out of total commitment of 1,00,000 lac, the company has contributed as investor in the venture and does not have joint control. Since there is no distributable profit in the fund, no income is accounted for, in the books of accounts in relation to such investments. However, the company has received during the current year a sum of ₹ 522.10 lac (₹ 172 lac during year ended 31st March 2012) including tax paid ₹ 33.14 lac (₹ 12.32 lac during year ended 31st March 2012) in respect of redemption of venture capital units.

5. (a) Disclosure under Accounting Standard 29 Provisions, Contingent Liabilities and Contingent Assets (AS-29)"

₹ in Lac

PARTICULARS	For the Year ended	As at
	31 st March 2013	31 st March 2012
(i) Income Tax (Net)		
Opening Balance	1,494.12	871.72
Addition during the period	44,087.00	28,117.01
Excess Provision written back during the period	-	456.44
Amount paid/ adjusted during the period	44,638.38	27,038.17
Closing Balance	942.74	1,494.12
(ii) Interest on Income Tax		
Opening Balance	45.37	83.00
Addition during the period	95.39	45.37
Excess Provision written back during the period	39.06	44.70
Amount paid/ adjusted during the period	10.38	38.30
Closing Balance	91.38	45.37
(iii) Wage Revision (See note 10 (A) (V))		
Opening Balance	-	72.56
Addition during the period	37.29	135.90
Amount Paid/ Transferred to current liabilities	-	208.46
Closing Balance	37.29	-
(iv) Leave Fare Concession		
Opening Balance	8.44	5.58
Addition during the period	26.67	18.47
Amount paid/adjusted during the period	26.21	15.61
Closing Balance	8.90	8.44
(v) Leave Encashment		
Opening Balance	33.00	17.69
Addition during the period	41.57	23.50
Amount paid/adjusted during the period	7.36	8.19
Closing Balance	67.21	33.00
(vi) Sick Leave		
Opening Balance	9.89	6.17
Addition during the period	15.51	3.72
Amount paid/adjusted during the period	-	-
Closing Balance	25.40	9.89
(vii) Performance Linked Incentive to Whole Time Directors		
Opening Balance	33.15	20.00
Addition during the period	18.35	13.15
Amount paid/adjusted during the period	-	-
Closing Balance	51.50	33.15
(viii) Marked to Market Losses on Derivatives		
Opening Balance	6,654.76	5,199.06
Addition during the period	(974.01)	1,455.70
Amount paid/adjusted during the period	-	-
Closing Balance	5,680.75	6,654.76
(ix) Contingent Provision for Standard Assets		
Opening Balance	5,208.00	-
Addition during the period	1,791.34	5,208.00
Closing Balance	6,999.34	5,208.00
(x) Provision for Sub-standard Assets		
Opening Balance	-	-
Addition during the period	2,361.92	-
Closing Balance	2,361.92	-
(xi) Provision for Standard Restructured Loan Assets		
Opening Balance	-	-
Addition during the period	176.94	-
Closing Balance	176.94	-

(b) Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits" (AS-15)

- 1.1) In respect of employees of the company based on actuarial valuation of liability
i) Expenses recognized in the Statement of Profit and Loss.

₹ in Lac

	Leave encashment	Leave fare concession	Sick leave
Current Service Cost	21.95	4.59	10.40
Interest cost on benefit obligation	1.78	0.68	0.79
Expected return on plan assets	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	15.31	21.39	4.33
Expenses recognized in Statement of Profit and Loss	39.04	26.65	15.52

N.A.denotes not available during the period

- ii) The amount recognized in the Balance Sheet

₹ in Lac

	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 31/03/2013 (i)	53.94	8.90	25.40
Fair value of plan assets as at 31/03/2013 (ii)	Nil	Nil	Nil
Difference (ii) — (i)	(53.94)	(8.90)	(25.40)
Net Asset/(Liability) recognized in the Balance Sheet	(53.94)	(8.90)	(25.40)

- iii) Changes in the Present Value of the defined benefit obligation

₹ in Lac

	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 01.04.2012	22.26	8.44	9.89
Interest Cost	1.78	0.68	0.79
Current Service Cost	21.95	4.58	10.40
Benefits paid	(7.36)	(26.19)	-
Net actuarial (gain)/loss on obligation	15.31	21.39	4.33
Present value of the defined benefit obligation as at 31.03.2013	53.94	8.90	25.40

N.A.denotes not available.

- iv) The actuarial valuation of liability as on 31st March 2013 in respect of defined retirement and other benefits were made based on following assumptions:

Mortality rate #	LIC (1994-96)	
Withdrawal rate #	Up to 30 years	3%
	31 st year to 44 years	2%
	Above 44 years	1%
Discount rate (p.a.) #	8.00%	
Salary escalation #	6%	

LIC has determined liability towards contribution of gratuity scheme of IIFCL employees considering withdrawal rate of 1% to 3% depending on age, discount rate of 8% p.a. and salary escalation of 6% p.a. (previous year 6% p.a.)

1.2) In respect of Chairman & Managing Director & Executive Director.:

₹ in Lac

	Gratuity	Leave encashment	Leave fare concession
Expenses recognized in Statement of Profit and Loss	0.58	2.52	-
Amount recognized in Balance Sheet	3.78	13.26	-

6. The Company's main business is to provide finance/ refinance for Infrastructure Projects, UK subsidiary i.e. India Infrastructure Finance Company (U.K.) Limited is also engage in the business of viding finance for infrastructure projects whereas the IIFCL Projects Limited is engaged in infratructure project development & advisory activities and IIFCL Asset Management Company Limited (IAMCL) is set up to engage in management of Infrastructure Debt Funds (IDFs) through Mutual Fund route. As IAMCL is yet to start management of IDF, segment information is not furnished for the same. Segment information as required by Accounting Standard 17 issued by the Institute of Chartered Accountants of India is furnished below:

₹ in Lac

	Financing	Advisory	Services Total
Segment Reporting Revenue			
Revenue from Operation	3,50,217.33	72.50	3,50,289.83
Less: Inter segment Revenue	-	-	-
Total Operating Income	3,50,217.33	72.50	3,50,289.83
Segment Results			
Profit Before Tax	1,51,746.24	2.67	1,51,748.91
Unallocated Income (IAMCL)			87.37
Tax			50,912.99
Profit After Tax			1,00,923.29
Segment Assets	40,66,594.75	76.62	40,66,671.37
Segment Liabilities	35,57,262.66	47.06	35,57,309.72
Capital Employed	5,09,332.09	29.56	
Depreciation and Amortization	51.00	0.53	51.53
Capital Expenditure	263.76	5.51	269.27
Non Cash Expenditure	3,322.12	-	3,322.12

7. In terms of Accounting Standard 20 issued by the Institute of Chartered Accountants of India, Earning per share (Basic & Diluted) is worked out as under:

Particulars	For the year ended 31.03.2013		For the year ended 31.03.2012	
	Amount (₹ in lac)	Shares	Amount (₹ in lac)	Shares
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No. in lac)		29,000		25,000
Net Profit (after tax)	1,00,923.29		67,799.07	
Earning Per Share (Not Annualized) (₹)	3.65		3.28	

EPS for the current period has been calculated on weighted average number of equity shares of 27,641.10 lac (Previous period 20,642.08 lac)

8. a. In terms of Accounting Standard -22 on "Accounting for Taxes on Income", income tax expense for the current period is determined on the basis of taxable income and the tax credit computed in accordance with the provisions of the Income Tax Act 1961 and based on expected outcome of assessments / appeals and also on the basis of changes adopted by the company in Accounting estimates during the current financial year having effect on deferred tax asset/liability.

Deferred tax liability or asset is recognized on timing differences which is reversible between the accounting income and the taxable income for the year and quantified using the tax rates and provisions, enacted or subsequently enacted as on balance sheet date.

Deferred tax assets if any, are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- b. During the year, the company has created net deferred tax liability of ₹ 6,825.99 lac (net deferred tax asset of ₹ 3,628.24 lac created during year ended 31st March 2012).
9. Fixed assets possessed by the company are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by Accounting Standard-28 on "Impairment of Assets". As on 31st March, 2013, there were no events or change in circumstances, which indicate any impairment in the assets.

10. Provisions of Accounting Standard (AS-19)

- a) Financial Lease: NIL
- b) Operating Lease: The Company has taken office premises under operating lease with varying lease periods and disclosure requirements are as under:-

₹ in Lac

Period	For the Year Ended 31 st March 2013	For the Year Ended 31 st March 2012
Total of future minimum lease payments (Gross Investment)	2,451.94	3,805.19
Present value of lease payments	2,190.41	3,179.32
10 Year G-Sec Yield	8.01%	8.540%
Maturity profile of total of future minimum lease payments		
Not later than one year	869.48	847.88
Later than one year but not later than five year	1,582.46	2,940.92
Later than five year	-	16.40
Total	2,451.94	3,805.20

11. Derivative Transactions

- a) During the year 2007-08, the company had entered into two interest rate swap (IRS) transactions of notional principal amounts of ₹ 5000 lac each (equivalent to notional principal of JPY ₹ 27,323.62 lac) which will mature on 19th December 2022. According to these IRS deals, the company will pay interest @ 7.46% p.a. on JPY notional amount (wherein coupon payments remains fixed for 5 years at the rate of 1JPY= ₹ 0.3658 in one deal and 1JPY= ₹ 0.3662 in second deal) and receive interest @ 8.82% p.a. on 1 notional principal amounts. The company has provided for entire Mark-to-market loss, as computed by the counter party banks and confirmed by other valuer, on the above swap transactions amounting to ₹ 5,680.75 lac as at 31st March 2013 (₹ 6,654.76 lac as at 31st March 2012) which includes profit by way of write back of provision of ₹ 974.01 lac for the year ended 31st March 2013 (loss of ₹ 1,455.70 lac for year ended 31st March 2012).
- b) The company has undertaken composite contracts i.e. Interest Rate Swap cum forward exchange contracts to hedge risks relating to floating interest rates as well as foreign exchange fluctuations on foreign currency borrowings from multilateral institutions as under.

Institution	Amount of composite contracts i.e. Interest Rate Swap cum forward exchange contracts#
Asian Development Bank (ADB)	
31 st March 2013 (31 st March 2012)	USD 8,002.74 lac (USD 7,572.87 lac)
31 st March 2013 (31 st March 2012)	₹ 3,69,711.27 lac (₹347,238.72 lac)
Kreditanstalt für Wiederaufbau (KfW)	
31 st March 2013 (31 st March 2012)	Euro 254.74 lacs (Euro 254.74 lacs)
31 st March 2013 (31 st March 2012)	₹ 15,562.94 lac (₹ 15,562.94 lac)
IBRD World Bank	
31 st March 2013 (31 st March 2012)	USD 194.88 lac (USD 194.88 lac)
31 st March 2013 (31 st March 2012)	₹ 8,657.36 lac (₹ 8,657.36 lac)

As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above composite contracts, the net M2M gain as on 31st March 2013 amounts to ₹ 70,689.36 lac (Gross gain of ₹ 70,689.36 lac less Gross loss Nil) and M2M gain as on 31st March 2012 amounted to ₹ 37,926.83 lac (Gross gain of ₹38,082.87 lac less Gross loss ₹ 156.04 lac).

The M2M losses, if any, on Interest Rate Swaps (IRS is not being accounted for in the books of accounts as the underlying liability designated with swap is also not carried at lower of cost or market value in the financial statements and the M2M loss relating only to IRS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into composite contracts for hedging and the interest payable to counter parties also includes amount of premium, if any, which has not been mentioned/ identified separately in the composite contracts

During the financial year ended 31st March 2012, the company has also sought the opinion of Expert Advisory Committee of the Institute of Chartered accountant of India to advice on the correct counting treatment to be followed by the company in this regard which is awaited.

(c) Unhedged position of foreign currency loans is as under:

₹ in Lac

Institution	Amount of Unhedged Foreign Currency Loans
Asian Development Bank (ADB)#	
31 st March 2013 (31 st March 2012)	USD 2464.64 lac (USD 954.28 lac)
31 st March 2013 (31 st March 2012)	₹1,34,049.85 lac (₹48,817.80 lac)
Kreditanstalt für Wiederaufbau (KfW)	
31 st March 2013 (31 st March 2012)	Euro 40.38 lac (Euro 27.75 lac)
31 st March 2013 (31 st March 2012)	₹ 2,808.41 lac (₹ 1,896.48 lac)
IBRD World Bank	
31 st March 2013 (31 st March 2012)	USD 34.47 lac (USD 34.47 lac)
31 st March 2013 (31 st March 2012)	₹ 1,875.06 lac (₹ 1,763.61 lac)

Unhedged amount of foreign currency loan from ADB includes USD 163.33 lac i.e ₹ 8,883.38 lac (USD ₹ 179.98 lac i.e ₹ 9,207.15 lac as on 31st March 2012) being foreign currency loan given to a borrower in India to the extent of which risk of foreign currency exchange rate fluctuation is hedged naturally.

12. Creation of Bond Redemption Reserve

- a) In respect of privately placed bonds: Since the company is notified as Public financial institution within the meaning of Section 4A of Companies Act 1956 vide notification no S.O.143(E)(F.N0.3/5/2008) Dated 14th January 2009 of Central Government, it is not required to create Bond Redemption Reserve in respect of private placed bonds as per circular no 04/2013 issued by Ministry of Corporate Affairs, Government of India dated 11th February 2013.
- b) In respect of publicly placed bonds: The company issued 315.63 lac (Previous year 9.09 lac) Long Term Infrastructure Bonds of the face value of 1000 each aggregating ₹ 3,15,631.89 lac during the financial year ended 31st March 2013 (₹ 9,096.18 lac during the financial year ended 31st March 2012) through public issue.

As per the circular no 04/2013 dated 11th February 2013 issued by Ministry of Company Affairs, Government of India requiring the financial institution within the meaning of section 4A of the Companies Act, 1956 to create Debenture Redemption Reserve equal to 25% of the value of debentures issued through public issue, the company has created bond redemption reserve of ₹ 1,856.02 lac up to 31st March 2013 (₹ 882.90 lac up to 31st March 2012 as per circular no.9/2002 dated 18th April 2002).

13. As per Accounting Standard-11 (AS-11) i.e. The effects of changes in Foreign Exchange Rates, foreign currency loan taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and differences should be taken to statement of profit and loss whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to statement of profit and loss as stated in Accounting Policy mentioned at note 24(A)(6.3)(a). In view of the above, loan liability and foreign currency receivable account as on 31st March 2013 would have been higher by ₹ 69,646.50 lac (higher by ₹ 43,320.36 lac as on 31st March, 2012). However, there would be no impact on the profit for the year as loss on account of increase in foreign currency borrowings due to adverse fluctuation in foreign currency exchange rate is fully offset due to gain on principal amount of borrowings hedged by the company (see note 24 (A) (6.3) (b)).

14. During the current year, the company has allotted 4,000 lac number of equity share of ₹ 10 each aggregating to ₹ 40,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 2,50,000 lac to ₹ 2,90,000 lac.
15. The pay revision of the employees of the company is due w.e.f. 1st November 2012. Pending revision of pay, a provision of ₹ 37.29 lac has been made for the period 1st November 2012 to 31st March 2013 on estimated basis taking base of 24% increase in last revision made from 1st November 2007 for next 5 years.
16. (a) As per the Office Memorandum of Government of India dated 23rd April, 2007, the company was regulated directly by the Government of India and under a "sui-generis" regulatory regime. Accordingly, an Oversight Committee was constituted by the Government of India. Consequent upon Union Cabinet approval in its meeting held on 13th October 2011 to bring the Company under regulatory oversight of Reserve Bank of India by registering it as an Non-Banking Finance Company- Infrastructure Finance Company (NBFC-IFC) conveyed by Department of Financial Services, Ministry of Finance vide letter date 24th October 2011, the company is required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23rd January 2012 has requested the Reserve Bank of India to create a special category of NBFC- IFC which are wholly owned by Government and whose borrowings are backed by sovereign guarantee and such NBFCs be subjected to far lower Capital to Risk Weighted Asset Ratio (CRAR) than normal NBFC. In this regard, Department of Financial Services, Ministry of Finance, Government of India vide email dated 9th October 2012 has informed that Reserve Bank of India is not in favour of creation of separate category of NBFC based on ownership. Accordingly, IIFCL has made request to Reserve Bank of India for registration as NBFC- IFC on 7th March 2013. Information/documents sought by vide letter dated 15th March 2013 has been furnished by the company and the matter is pending.
- (b) Prudential norms issued by RBI for NBFC-IFC do not apply to Company, being a Government owned company. On registration as an NBFC-IFC, the company, being a Govt. owned company, would be quired to prepare a roadmap for compliance with various elements of the NBFC Regulations in consultation with the Government and submit the same to Reserve Bank of India (Department of Non Banking Supervision) as directed by RBI vide notification No.DNBS.PD/CC No.86/03.02.089/2006- 07 dated 12th December 2006.
- Pending registration as a NBFC, the Company and its subsidiary IIFC (UK) Ltd. have adopted prudential norms for income recognition, asset classification and provisioning, applicable to NBFCs as per Non- Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007, w.e.f. financial year ended 31st March 2012. Consequently, the consolidated net profit of company for the year ended 31st March 2013 is stated lower by ₹1,757.27 lac, ₹ 2,361.92 lac and ₹176.94 lac on account of provision made for Standard Loan Assets, Substandard Loan Assets and restructured standard loan assets respectively (Previous year ₹ 5,173.58 lac for Standard Loan Assets includes ₹ 1,315.39 lac for year ended 31st March 2012) and is shown as 'Provision for Loan Assets' in the Statement of Profit and Loss.
- (c) The company and its subsidiary IIFC (UK) Ltd. created reserve for loan assets at 0.40% of the total outstanding of loan assets up to 31st March 2011. Consequent upon adoption of prudential norms during the year ended 31st March 2012 as stated in (b) above, the company and its subsidiary has discontinued the practice to transfer amount to Reserve for Loan Assets and the existing Reserve for Loan Assets of ₹ 6,165.42 lac as on 31st March 2011 has been retained in the books of account of the company and its subsidiary as on 31st March 2013.
- (d) The company has restructured/rescheduled 21 loan accounts up to 31st March 2013 having outstanding balance of ₹2,82,040.42 lac as on 31st March 2013 (₹ 98,828.02 lac in 10 loan accounts as on 31st March 2012) and there is no shortfall in value of security in these accounts as on 31st March 2013. Refer note 24(A)(4.5)(b)(iv)

17. Prior Period Income & Expenses which have been included under natural heads in Statement of Profit and Loss are as under:

₹ in Lac

Period	For the Year Ended 31 st March 2013	For the Year Ended 31 st March 2012
Income on Loans & Advances	2,489.43	294.91
Penal Interest	(20.40)	(3.40)
Interest on Deposits with banks	-	(5.09)
Pre-payment Charges	7.08	-
Commission received on LC	188.98	-
Other Charges	1.16	-
Amount written back	3.53	95.35
Miscellaneous income	16.16	-
Total	2,685.94	381.77
Expenditure		
Bond servicing expenses	(0.31)	9.62
Bond Issue expenses	-	10.21
Employee Benefit Expenses	6.30	2.47
Lease Rent	6.39	-
Interest on income tax	4.02	-
Miscellaneous expenses	2.01	3.85
Total	18.41	26.15

In view of the above, the net profit of the company for the year 31st March 2013 are stated higher by ₹ 2,667.53 lac (₹ 355.62 lac during the previous year)

18. During the year, the company has sent letters seeking confirmation of balances as on 31st March 2013 to borrowers and banks etc. Some of the balances appearing under Infrastructure Loans, borrowings and other debit and credit balances as on 31st March 2013 are subject to confirmation and reconciliation and in the opinion of management, no material impact of such confirmation and reconciliation and also on account of pending resetting of interest rates in some of the cases on financial statements is anticipated.
19. The proceeds of bonds aggregating ₹ 4,76,887.69 lac raised during financial year 2012-13 was utilized for repayment of overdraft of ₹ 1,53,108 lac which was availed mainly for purpose of loan disbursement and payment of interest on borrowings and the balance of ₹ 3,23,779.69 lac, pending utilization as per objective of respective bond issues, was invested in bank deposits during the year having maturity date during 2013-14. Further, IIFCL availed overdraft of ₹ 1,12,395.58 lac from various banks during the year against security of these bank deposits which was also utilized mainly for purpose of loan disbursement and payment...of interest on borrowings.
- Furthermore, pending access to the funds before creation of security for bonds in April 2013, proceeds of Tranche II of public issue of Tax Free bonds amounting to ₹ 27,244.20 lac was held in public issue accounts with various banks as on 31st March 2013.
20. The previous year figures have been regrouped wherever considered necessary.

As per our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Registration no:000051N)

Jai Prakash Agarwal
Partner
Membership No.: 10270

Harsh Kumar Bhanwala
(Executive Director)

For and on behalf of Board of Directors of
India Infrastructure Finance Company Limited

S.K. Goel
(Chairman and Managing Director)

Rajeev Mukhija
(General Manager- CFO & CS)

Place: New Delhi
Dated: 10.05.2013

*"Launch of Maiden Infrastructure Debt Fund Scheme of IIFCL Mutual Fund,
by Shri P. Chidambaram, Hon'ble Union Finance Minister on Tuesday, 18th June 2013"*





India Infrastructure Finance Company Limited

8th Floor, Hindustan Times Building
18 & 20, Kasturba Gandhi Marg
New Delhi-110 001
Phone: 91-11- 23708263,23708264
Fax : 91-11-23766256,23730251

ISO 9001:2008



India Infrastructure Finance Company (UK) Limited

Becket House, 36, Old Jewry, London
EC2R 8DD United Kingdom
Tel: + 44 - 20 - 34407520, 77768950, 76006584
Fax: + 44 - 20 - 34407525, 77768958



IIFCL MUTUAL FUND

C/o IIFCL Asset Management Company Limited
9th Floor, Hindustan Times Building 18 & 20,
Kasturba Gandhi Marg
New Delhi-110 001
Phone: 91-11- 23708263,23708264
Fax : 91-11-23766256,23730251



IIFCL Projects Ltd.

9th Floor, Hindustan Times Building 18 & 20,
Kasturba Gandhi Marg
New Delhi-110 001
Phone: 91-11- 23708263,23708264
Fax : 91-11-23766256,23730251